

SCHOOL DISTRICT
OF
FREDON TOWNSHIP

Fredon Township School District
Board of Education
Newton, Sussex County
New Jersey

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2014

Comprehensive Annual

Financial Report

of the

**Fredon Township School District
Board of Education
Newton, New Jersey
For the Fiscal Year Ending June 30, 2014**

**Prepared by
Fredon Township School District
Board of Education
Finance Department**

OUTLINE OF CAFR

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Introductory Section



A NATIONAL SCHOOL
of
EXCELLENCE

Fredon Township School

459 Route 94
Newton, N.J. 07860

(973) 383-4151
Fax (973) 383-3644

October 15, 2014

Honorable President and
Members of the Board of Education
Fredon Township School District
County of Sussex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Fredon Township School District for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board), to the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Action of 1996, and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments" and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Fredon Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Fredon Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 6. These included regular as well as special needs education for youngsters. The District completed the 2013-2014 fiscal year with an enrollment of 280 students. The following detail reflects the changes in the student enrollment of the Fredon Township School District over the past seven years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2004-05	333	7%
2005-06	339	2%
2006-07	333	(2%)
2007-08	337	1%
2008-09	335	1%
2009-10	345	3%
2010-11	334	(3%)
2011-12	323	(3%)
2012-13	326	1%
2013-14	280	(14%)

2) ECONOMIC CONDITION AND OUTLOOK: The Five-Year Comprehensive Long-Range Facility Plan was completed as per N.J.A.C.6:22-7.1. The District has continued its efforts toward making improvements in the facility and school grounds.

As the District looks to the future, there will be several challenges facing it, including the economics of constrained costs in a small school district. The Fredon District has made several good decisions to improve the management of its resources over the past years.

3) MAJOR INITIATIVES: The continuing articulation of curriculum between Fredon Township School and the three other elementary districts that comprise the Kittatinny Regional 7-12 School District remains a major initiative into the 2014-2015 school year. The districts will be reviewing their Language Arts and Mathematics curriculums. Staff training in terms of implementing the curriculum will be provided on a local and regional basis. The seamless integration of technology into all aspects of the curriculum is another major initiative and will remain a major initiative well into the future. Additionally, exit skills will be developed for representative grade levels.

Fredon Township School District has established a record of success, which became memorialized with the distinguished recognition as a National Blue Ribbon School in October of 2001.

During the 2012-2013 school year, the district implemented several curriculum and programmatic improvements. The NWEA Measures of Academic Progress are computerized, adaptive tests of Reading and Mathematics. NWEA tests are currently used by more than 1,000 school districts nationwide and by more than 50% of Minnesota school districts. The tests are based on a continuous scale, independent of age or grade, allowing us to track student growth and performance trends over time.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital

improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2014.

6) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statement", Note 1.

7) **FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general and special revenue funds for the fiscal year ended June 30, 2014 and the amount and percentage of increase in relation to prior year revenues.

Revenues:	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Local Sources	\$4,556,686	80.84%	\$ 97,700	2.19%
State Sources	964,013	17.10%	(81,581)	-7.80%
Federal Sources	<u>115,710</u>	<u>2.05%</u>	<u>1,160</u>	1.01%
Total:	<u>\$5,636,409</u>	<u>100.00%</u>	<u>\$ 17,279</u>	0.31%

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2014 and the percentage of increases and decreases in relation to prior year amounts.

Expenditure:	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Current Expense:				
Instruction	\$1,911,858	34.33%	\$ 263,009	-6.53%
Undistributed	<u>\$3,159,649</u>	<u>56.74%</u>	<u>\$ 1,310</u>	6.02%
Total	<u>\$5,071,507</u>	<u>91.08%</u>	<u>\$ 237,319</u>	0.91%
Capital Outlay	\$ 81,048	1.46%	\$ (48,612)	-37.49%
Debt Service	\$ 300,168	5.39%	\$ 21,391	7.67%
Special Revenue	<u>\$ 115,710</u>	<u>2.08%</u>	<u>\$ 1,160</u>	1.01%
Total:	<u>\$5,568,433</u>	<u>100.00%</u>	<u>\$ 19,794</u>	0.36%

DEBT ADMINISTRATION: At June 30, 2013, the District had \$4,715,000 in outstanding debt issues for the school construction project.

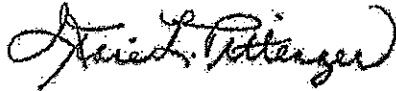
9) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

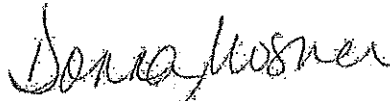
11) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Ardito & Company, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB circular A-133 and State Treasury OMB Circular Letter 04-04. The auditor's report on the general purpose financial statement and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Fredon Township Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



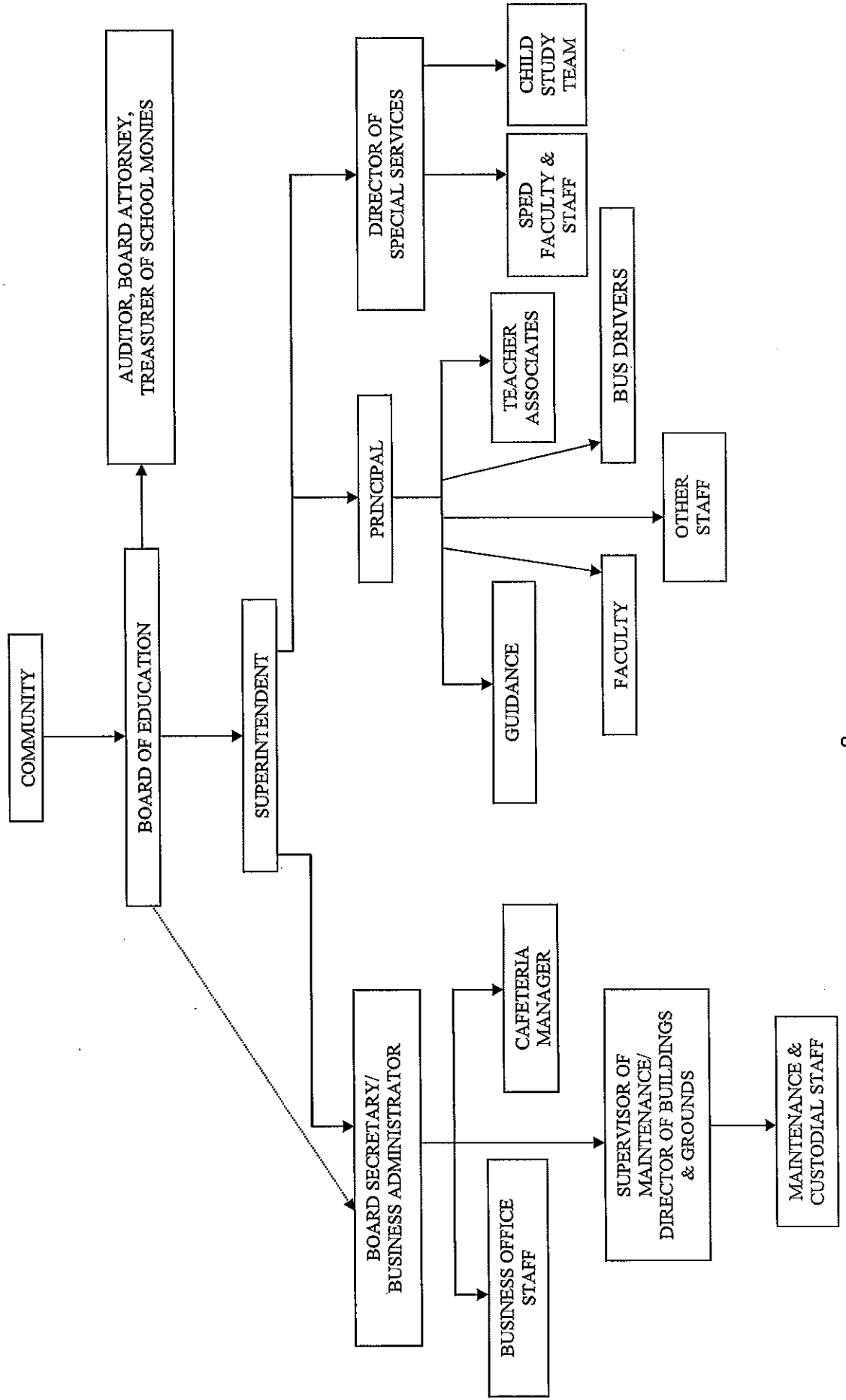
Diane Pittenger
Interim Superintendent



Donna Mosner
School Business Administrator/Board Secretary

FREDON TOWNSHIP BOARD OF EDUCATION
Newton, NJ 07860

ORGANIZATION CHART



**FREDON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2014

Members of the Board of Education

Term Expires

Courtney Wisinski, *President*

2014

Daniel Haug, *Vice-President*

2014

John Niemasz Jr.

2014

John Payne

2016

Thomas Knutelsky

2016

Other Officials

Ms. Diane Pittenger, *Interim Superintendent of Schools*

Donna Mosner, *Board Secretary/School Business Administrator*

Ms. Diane Pittenger, *Treasurer*

**FREDON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

Audit Firm

Ardito & Co., LLP
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Frenchtown, New Jersey 08825-1192

Attorney

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Schwartz, Simon, Edelstein
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Official Depository

Lakeland Bank
Fredon Branch
Route 94
Newton, New Jersey 07860

Financial Section

Independent Auditor's Report



ARDITO & Co., LLP

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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Fredon Township School District
County of Sussex
Newton, New Jersey 07860

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Fredon Township School District Board of Education, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fredon Township School District Board of Education, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 8.8 and 39 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fredon Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's Circular 04-04, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

-Continued-

The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014, on our consideration of the Fredon Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARDITO & Co., LLP

ARDITO & CO., LLP
October 15, 2014

Carmy Ardito

Licensed Public School Accountant No. 2369

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

FREDON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

The discussion and analysis of Fredon Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- ♦ In total, net position increased \$34,552 which represents a 5.8 percent increase from 2013.
- ♦ General revenues accounted for \$4,560,288 in revenue or 79.8 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,151,358 or 20.2 percent of total revenues of \$5,711,646.
- ♦ Total assets of governmental assets decreased by \$61,114 as cash and cash equivalents increased by \$96,815, receivables decreased by \$26,777, and capital assets decreased by \$133,480.
- ♦ The School District had \$5,677,094 in expenses; only \$1,151,358 of these expenses were offset by program specific charges for services, grants or contributions. General Revenues (primarily property taxes) of \$4,560,288 were adequate to provide for these programs.
- ♦ Among major funds, the General Fund had \$5,220,455 in revenues and \$5,152,555 in expenditures. The General Fund's surplus balance increased \$67,900 over 2013, compared to a budgeted decrease of \$7,769.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Fredon Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Fredon Township School District, the General Fund is by far the most significant fund.

FREDON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund and Capital Projects Fund.

FREDON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2014 compared to 2013.

	Table 1	
	Net Position	
	<u>2014</u>	<u>2013</u>
Assets		
Current and Other Assets	\$587,340	\$514,974
Capital Assets	<u>5,017,505</u>	<u>5,150,985</u>
Total Assets	<u>5,604,845</u>	<u>5,665,959</u>
Liabilities		
Long-Term Liabilities	4,749,704	4,878,738
Other Liabilities	<u>104,015</u>	<u>95,647</u>
Total Liabilities	<u>4,853,719</u>	<u>4,974,385</u>
Net Position		
Invested in Capital Assets, Net of Debt	302,505	335,985
Restricted	226,402	166,255
Unrestricted	<u>97,219</u>	<u>89,334</u>
Total Net Position	<u>\$ 626,126</u>	<u>\$ 591,574</u>

FREDON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Total assets decreased \$61,114. Cash and cash equivalents increased by \$96,815, and receivables decreased by \$26,777 due to prior year federal grants reimbursements. Capital assets decreased by \$133,480 due depreciation expense net of capital additions. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$7,885 due to transfers of surplus to capital reserve.

Table 2 shows the changes in net position from fiscal year 2013.

Table 2
Changes in Net Position

	<u>2014</u>	<u>2013</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 43,930	\$ 49,927
Operating Grants and Contributions	1,107,428	1,050,786
General Revenues:		
Property Taxes	4,554,969	4,453,750
Investment Earnings	5,108	6,760
Other	211	4,242
Total Revenues	<u>5,711,646</u>	<u>5,565,465</u>
Program Expenses		
Instruction	2,806,668	3,019,533
Support Services:		
Tuition	140,134	85,075
Pupils and Instructional Staff	921,016	718,968
General Administration, School Admin., Business	649,152	632,519
Operations and Maintenance of Facilities	534,314	555,516
Pupil Transportation	324,490	270,514
Business-Type Activities	81,106	84,295
Interest and Fiscal Charges	220,214	223,247
Total Expenses	<u>5,677,094</u>	<u>5,589,667</u>
Increase in Net Position	<u>\$ 34,552</u>	<u>\$ (24,202)</u>

FREDON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
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Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 79.7 percent of revenues for governmental activities for the Fredon Township School District for the fiscal year 2014.

Instruction comprises 49.4 percent of district expenses. Support services expenses make up 45.3 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
Instruction	\$ 2,806,668	\$ 2,263,243	\$ 3,019,533	\$ 2,451,353
Support Services:				
Tuition	140,134	116,787	85,075	71,502
Pupils and Instructional Staff	921,016	727,667	718,968	576,155
General Administration, School				
Administration, Business	649,152	540,998	632,519	531,606
Operation and Maintenance of Facilities	534,314	445,293	555,516	466,888
Pupil Transportation	324,490	270,427	270,514	227,356
Business-Type Activities	81,106	9,471	84,295	4,339
Interest and Fiscal Charges	220,214	151,850	223,247	159,755
Total Expenses	<u>\$ 5,677,094</u>	<u>\$ 4,525,736</u>	<u>\$ 5,589,667</u>	<u>\$ 4,488,954</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

FREDON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
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Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service and child care.

Interest and fiscal charges involve the transactions associated with the unallocated depreciation.

The dependence upon tax revenues is apparent. Over 80.6 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 78.8 percent. The community, as a whole, is the primary support for the Fredon Township School District.

The School District's Funds

Information about the School District's major funds starts on page 11 (Balance Sheet/Exhibit B-1) . These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$5,636,409 and expenditures of \$5,568,433. The net change in fund balance for the year was most significant in the general fund, an increase of \$67,900 due to extraordinary aid and spending savings in the areas of grounds upkeep and benefits.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2014 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding TPAF on-behalf amount, was \$4,868,159, \$16,096 over original budgeted estimates of \$4,852,063. This difference was due primarily to extraordinary aid of \$13,422.

The General fund revenues and other financing sources of the School District exceeded expenditures by \$69,700 due to extraordinary aid and spending savings in the areas of grounds upkeep and benefits.

FREDON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Capital Assets

At the end of the fiscal year 2013, the School District had \$5,017,505 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2014 balances compared to 2013.

Table 4
Capital Assets (Net of Depreciation) at June 30,

	<u>2014</u>	<u>2013</u>
Buildings and Improvements	\$ 4,897,937	\$ 5,073,072
Machinery and Equipment	<u>119,568</u>	<u>77,913</u>
Totals	<u>\$ 5,017,505</u>	<u>\$ 5,150,985</u>

Overall capital assets decreased \$133,480 from fiscal year 2013 to fiscal year 2014. Increases in capital assets (primarily buildings and improvements) were offset by depreciation expenses for the year.

\$78,188 in capitalized assets were added during fiscal year 2014.

Debt Administration

At June 30, 2014, the School District had \$4,874,704 as outstanding debt. Of this amount, \$159,704 is for compensated absences and \$4,715,000 is for general obligation bonds payable.

At June 30, 2014, the School District's overall legal debt margin was \$11,823,583 and the unvoted debt margin was \$7,108,583.

For the Future

The Fredon Township School District is in very good financial condition presently. A major concern is the continued reliance on local property taxes. However, future finances are not without challenges as enrollment and state funding is decreased.

In conclusion, the Fredon Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

FREDON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Donna Mosner, School Business Administrator/ Board Secretary at Fredon Township School District, 459 Route 94, Newton, NJ, 07860, (973) 579-5838).

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2014

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$298,202	\$6,456	\$304,658
Receivables, Net	86,648	4,263	90,911
Interfund Receivables		8,407	8,407
Inventory		2,867	2,867
Restricted Assets:			
Capital Reserve Account - Cash	180,497		180,497
Capital Assets, Net (Note 5):	5,017,505		5,017,505
Total Assets	<u>5,582,852</u>	<u>21,993</u>	<u>5,604,845</u>
LIABILITIES			
Accounts Payable		2,180	2,180
Deferred Revenue	1,410	1,220	2,630
Interfund Payable	8,407		8,407
Accrued Interest	90,798		90,798
Noncurrent Liabilities (Note 6):			
Due Within One Year	125,000		125,000
Due Beyond One Year	4,749,704		4,749,704
Total Liabilities	<u>4,975,319</u>	<u>3,400</u>	<u>4,978,719</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	302,505		302,505
Restricted for:			
Other Purposes	188,266		188,266
Capital Projects Fund	38,135		38,135
Debt Service Fund	1		1
Unrestricted	78,626	18,593	97,219
Total Net Position	<u>\$607,533</u>	<u>\$18,593</u>	<u>\$626,126</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Functions/Programs							
Governmental Activities:							
Instruction:							
Regular	\$ 2,226,475	\$	446,760	\$ (1,779,715)		\$ (1,779,715)	
Special Education	306,357		51,042	(255,315)		(255,315)	
Other Special Instruction	273,836		45,623	(228,213)		(228,213)	
Support Services:							
Tuition	140,134		23,347	(116,787)		(116,787)	
Student & Instruction Related Serv.	921,016		193,349	(727,667)		(727,667)	
School Administrative Services	160,925		26,811	(134,114)		(134,114)	
General and Business Admin. Serv.	488,227		81,343	(406,884)		(406,884)	
Plant Operations and Maintenance	534,314		89,021	(445,293)		(445,293)	
Pupil Transportation	324,490		54,063	(270,427)		(270,427)	
Interest Expense and Fiscal Charges	199,047		68,364	(130,683)		(130,683)	
Unallocated Depreciation	21,167			(21,167)		(21,167)	
Total Governmental Activities	5,595,988	-	1,079,723	(4,516,265)		(4,516,265)	
Business-Type Activities:							
Food Service	79,306	\$ 42,569	27,705	\$	(9,032)	(9,032)	
AM Program	1,800	1,361			(439)	(439)	
Total Business-Type Activities	81,106	43,930	27,705		(9,471)	(9,471)	
Total Primary Government	\$ 5,677,094	\$ 43,930	\$ 1,107,428	\$ (4,516,265)	\$ (9,471)	\$ (4,525,736)	
General Revenues:							
Taxes:							
Property Taxes. Levied for General Purposes, Net		\$		4,323,165		\$ 4,323,165	
Property Taxes. Levied for Debt Service				231,804		231,804	
Investment Earnings				1,506	\$ 3,602	5,108	
Miscellaneous Income				211		211	
Total General Revenues, Special Items, Extraor. Items a				4,556,686	3,602	4,560,288	
Change in Net Position				40,421	(5,869)	34,552	
Net Position—Beginning				567,112	24,462	591,574	
Net Position—Ending				\$ 607,533	\$ 18,593	\$ 626,126	

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 440,563		\$ 38,135	\$ 1	\$ 478,699
Receivables from Other Governments	16,686	\$ 66,398			83,084
Other Receivables	3,564				3,564
Interfund Receivables	64,988				64,988
TOTAL ASSETS	\$ 525,801	\$ 66,398	\$ 38,135	\$ 1	\$ 630,335
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	8,407	64,988			73,395
Deferred Revenue		1,410			1,410
Total Liabilities	8,407	66,398	-	-	74,805
Fund Balances:					
<u>Restricted for:</u>					
Capital Reserve Account	180,497				180,497
<u>Assigned to:</u>					
Year-End Encumbrances	118,023				118,023
Expenditures	7,769				7,769
Capital Projects Fund			38,135		38,135
Debt Service Fund				1	1
<u>Unassigned:</u>					
General Fund - Unreserved, Undesignated	211,105				211,105
Total Fund Balances	517,394	-	38,135	1	555,530
TOTAL LIABILITIES AND FUND BALANCE	\$ 525,801	\$ 66,398	\$ 38,135	\$ 1	\$ 630,335

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,793,484 and the accumulated depreciation is \$1,775,979.

\$ 5,017,505

Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)

(90,798)

Long-term liabilities, such as bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)

(4,874,704)

Net position of governmental activities

\$ 607,533

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local Tax Levy	\$ 4,323,165			\$ 231,804	\$ 4,554,969
Tuition					
Miscellaneous	1,641		\$ 76		1,717
Total - Local Sources	4,324,806		76	231,804	4,556,686
State Sources	895,649			68,364	964,013
Federal Sources		\$ 115,710			115,710
Total Revenues	5,220,455	115,710	76	300,168	5,636,409
EXPENDITURES					
Current:					
Regular Instruction	1,461,588	75,810			1,537,398
Special Education Instruction	237,754				237,754
Other Special Instruction	212,516				212,516
Support services and undistributed costs:					
Tuition	140,134				140,134
Student and Instruction Related Services	674,872	39,900			714,772
School Administrative Services	124,889				124,889
Other Administrative Services	378,898				378,898
Plant Operations and Maintenance	412,575				412,575
Pupil Transportation	324,490				324,490
Unallocated Benefits	1,051,549				1,051,549
Transfer to Charter School	52,242				52,242
Debt Service:					
Principal				100,000	100,000
Interest and Other Charges				200,168	200,168
Capital Outlay	81,048				81,048
Total Expenditures	5,152,555	115,710		300,168	5,568,433
Excess (Deficiency) of Revenues Over Expenditures	67,900		76		67,976
OTHER FINANCING SOURCES (USES)					
Transfers from Enterprise Fund					
Total Other Financing Sources and Uses					
Net Change in Fund Balances	67,900		76		67,976
Fund Balance—July 1	449,494		38,059	1	487,554
Fund Balance—June 30	\$ 517,394	\$ 38,135	\$ 1	\$ 555,530	

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ 67,976**

Amounts reported for governmental activities in the statement
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of
activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (211,668)	
Capital Outlays	<u>78,188</u>	(133,480)

Repayment of bond principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net position
and is not reported in the statement of activities.

100,000

In the statement of activities, interest on long-term debt in the statement of activities
is accrued, regardless of when due. In the governmental funds, interest is reported
when due. This is the amount by which current year's amount of interest accrual
exceeds the prior year's amount.

1,891

In the statement of activities, compensated absences is accrued regardless of when paid. In the
governmental funds, compensated absences are reported when paid. This is the amount
by which the current year's compensated absence payments exceed the current year's amount earned.

4,034

Change in Net Position of Governmental Activities

\$ 40,421

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FREDON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS

June 30, 2014

		Business-Type Activities - Enterprise Funds	
		<u>Food Service</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$	6,456	\$ 6,456
Accounts Receivable		4,263	4,263
Interfund Receivables		8,407	8,407
Inventories		2,867	2,867
Total Current Assets		21,993	21,993
Noncurrent Assets:			
Furniture, Machinery and Equipment		44,775	44,775
Less Accumulated Depreciation		(44,775)	(44,775)
Total Noncurrent Assets			
Total Assets		21,993	21,993
LIABILITIES			
Current liabilities:			
Accounts Payable		2,180	2,180
Deferred Revenue		1,220	1,220
Total Liabilities		3,400	3,400
NET POSITION			
Unrestricted		18,593	18,593
Total Net Position	\$	18,593	\$ 18,593

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Fund		
	Food Service	AM Program	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 40,483		\$ 40,483
Daily Sales - Non-reimb. Programs	2,086		2,086
Miscellaneous	3,602	\$ 1,361	4,963
Total Operating Revenues	46,171	1,361	47,532
Operating Expenses:			
Cost of Sales	39,587		39,587
Salaries and Wages	19,898	1,800	21,698
Employee Benefits	5,274		5,274
Other Purchased Professional Services	6,699		6,699
Miscellaneous	7,848		7,848
Total Operating Expenses	79,306	1,800	81,106
Operating Income (Loss)	(33,135)	(439)	(33,574)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	793		793
Federal Sources:			
National School Lunch Program	18,987		18,987
Food Distribution Program	7,925		7,925
Total Nonoperating Revenues (Expenses)	27,705		27,705
Income (Loss) Before Contributions and Transfers	(5,430)	(439)	(5,869)
Transfers In (Out)			
Change in Net Position	(5,430)	(439)	(5,869)
Total Net Position—Beginning	24,023	439	24,462
Total Net Position—Ending	\$ 18,593	-	\$ 18,593

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Food Service	AM Program	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 46,171	\$ 1,361	\$ 47,532
Payments to Employees	(19,898)	(1,800)	(21,698)
Payments for Employee Benefits	(5,274)	-	(5,274)
Payments to Suppliers	(55,029)	-	(55,029)
Net Cash Provided by (used for) Operating Activities	(34,030)	(439)	(34,469)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	689		689
Federal Sources	20,221		20,221
Operating Transfers between funds		439	439
Net Cash Provided by (used for) Non-Capital Financing Activities	20,910	439	21,349
Net Increase (Decrease) in Cash and Cash Equivalents	(13,120)	-	(13,120)
Balances—Beginning of Year	19,576	-	19,576
Balances—End of Year	6,456	-	6,456
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	(33,135)	(439)	(33,574)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Federal Commodities	7,925		7,925
(Increase) Decrease in Accounts Receivable, Net	(8,672)	-	(8,672)
(Increase) Decrease in Inventories	(2,328)		(2,328)
Increase (Decrease) in Accounts Payable	2,180		2,180
Total Adjustments	(895)	-	(895)
Net Cash Provided by (used for) Operating Activities	\$ (34,030)	(439)	\$ (34,469)

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FREDON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

Exhibit B-7

June 30, 2014

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 20,517	\$ 91,543
Total Assets	<u>\$ 20,517</u>	<u>\$ 91,543</u>
LIABILITIES		
Payable to Student Groups	-	\$ 15,490
Payroll Deductions and Withholdings		4,783
Accrued Salaries and Wages		71,270
Total Liabilities	<u>-</u>	<u>\$ 91,543</u>
NET POSITION		<u>-</u>
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 20,517</u>	<u>-</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit B-8

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended June 30, 2014

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 20,000
Plan Member	<u>8,694</u>
Total Contributions	<u>28,694</u>
Investment Earnings:	
Interest	<u>32</u>
Net Investment Earnings	<u>32</u>
Total Additions	<u>28,726</u>
DEDUCTIONS	
Quarterly Contribution Reports	<u>29,059</u>
Total Deductions	<u>29,059</u>
Change in Net Position	(333)
Net Position—Beginning of the Year	<u>20,850</u>
Net Position—End of the Year	<u>\$ 20,517</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

Notes to Financial Statements

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Fredon Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2013.

A. Reporting Entity:

The Fredon Township School District is a Type II district located in the County of Sussex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Fredon Township School District had an approximate enrollment at June 30, 2014, of 280 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

PROPRIETARY FUNDS

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

D. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

The District support staff are granted sick leave in varying amounts under the District's contracted personnel policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service and provide for payment based upon predetermined rates and allowable days and upon retirement in the state pension system.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2014, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2014, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Capital Reserve	\$180,497		\$180,497
Checking	<u>231,209</u>	<u>\$112,060</u>	<u>343,269</u>
	<u>\$411,706</u>	<u>\$112,060</u>	<u>\$523,766</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2014, was \$523,766 and the bank balance was \$737,839. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$487,839 was covered by collateral pool.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

Investments:

Pursuant to the Enabling Act, the funds of the district may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the district may approve.

In order to maximize liquidity, the district utilizes the New Jersey Cash Management Fund ("NJCMF") as its sole investments. The NJCMF is administered by the New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty.

At June 30, 2014, the district's investment balance was \$73,449

Custodial Credit Risk: Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk disclosure. The district does not have a policy for custodial credit risk.

Credit Risk: The district does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Interest Rate Risk: The district does not have a policy to limit interest rate risk. The average maturity of the district's investments is less than one year.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 3: RECEIVABLES

Receivables at June 30, 2014, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$16,686	\$16,860
Federal Aid	66,398	70,487
Other Local	3,564	3,564
Gross Receivable	\$86,648	\$90,911
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	\$86,648	\$90,911

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2014, consisted of the following:

Food	\$1,079
Supplies	<u>1,788</u>
	<u>\$2,867</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	\$ 116,985			\$ 116,985
Buildings and Building Improvements	6,385,692			6,385,692
Machinery and Equipment	212,619	\$ 78,188		290,807
Total at Historical Cost	6,715,296	78,188	-	6,793,484
Less Accumulated Depreciation for:				
Land Improvements	(116,985)			(116,985)
Building and Improvements	(1,312,620)	(175,135)		(1,487,755)
Equipment	(134,706)	(36,533)		(171,239)
Total Accumulated Depreciation	(1,564,311)	(211,668)		(1,775,979)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	5,150,985	(133,480)		5,017,505
Government Activity Capital Assets, Net	\$ 5,150,985	\$ (133,480)		\$ 5,017,505

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 5: CAPITAL ASSETS (Continued)

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 190,501
Unallocated	21,167
Total	<u>\$ 211,668</u>

NOTE 6: LONG-TERM OBLIGATIONS

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2014, are as follows:

	Balance <u>7/1/13</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/14</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$4,815,000		\$ (100,000)	\$4,715,000	\$125,000
Other Liabilities:					
Compensated Absences Payable	\$163,738		(\$4,034)	\$159,704	
Total Other Liabilities	<u>\$5,001,142</u>	<u>-</u>	<u>(104,034)</u>	<u>\$4,874,704</u>	<u>125,000</u>

Compensated absences have been liquidated in the General Fund.

On June 3, 2008, the district sold general obligation bonds with a face value of \$5,000,000, of which the proceeds were used for the construction of additions, renovations, and alterations to the Fredon Township School.

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6: LONG-TERM OBLIGATIONS (Continued)

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2014, it is not necessary for the Board to establish a liability for arbitrage rebate.

<u>Government Activities</u>			
	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>
			<u>Balance June 30, 2014</u>
Bonds Payable	6/03/2008	4.125 to 4.35%	7/15/2033
			\$ 4,715,000
Total Bonds			\$ 4,715,000

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2014, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 125,000	\$ 195,527	\$ 320,527
2016	155,000	189,752	344,752
2017	165,000	183,152	348,152
2018	170,000	176,242	346,242
2019	180,000	169,024	349,024
Thereafter	3,920,000	1,391,032	5,311,032
	<u>\$4,715,000</u>	<u>\$2,304,729</u>	<u>\$ 7,019,729</u>

As of June 30, 2014, the District had no authorized but not issued bonds.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 7: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A.18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 7: PENSION PLANS (Continued)

Significant Legislation - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2014	\$60,876	100 %	-0-
6/30/2013	\$60,764	100	-0-
6/30/2012	\$62,728	100	-0-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2014	-0-	100 %	-0-
6/30/2013	-0-	100	-0-
6/30/2012	-0-	100	-0-

During the fiscal year ended June 30, 2014, the State of New Jersey did contribute \$209,485 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$142,811 during the year ended June 30, 2014, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 8: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide any post-employment benefits other than pension.

NOTE 9: DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable
Financial Planning

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

The District support staff are granted sick leave in varying amounts under the District's contracted personnel policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service and provide for payment based upon predetermined rates and allowable days and upon retirement in the state pension system.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2014, no liability existed for compensated absences in the proprietary fund types.

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the *Benefit Reimbursement Method*. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014	\$20,032	\$8,694	\$29,059	\$20,517
2012-2013	\$20,011	\$11,701	\$22,552	\$20,850
2011-2012	\$34,123	\$7,919	\$44,054	\$11,690

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

LITIGATION

In the normal course of operations, the Board is involved in various civil disputes. Management is of the opinion that any outcome resulting from these actions would not have a material effect on the District's financial position.

NOTE 13: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$517,394 General Fund fund balance at June 30, 2014, \$118,023 is reserved for encumbrances; \$7,769 is reserved and included as anticipated revenue for the year ending June 30, 2015; \$180,497 has been reserved in the Capital Reserve Account; and, \$211,105 is unreserved and undesignated.

Capital Projects Fund - Of the \$38,135 Capital Fund fund balance at June 30, 2014, \$38,135 is unreserved and undesignated. The \$38,135 unreserved balance is maintained as an estimate of potential settlement on the Fredon School Renovation Project. Any balances remaining after settlement will be transferred to the current fund.

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Fredon Board of Education by inclusion in the FY 2000-2001 budget of \$30,000 and the transfer of an additional \$60,000 of undesignated general fund balance for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 14: CAPITAL RESERVE ACCOUNT (Continued)

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013	\$ 120,426
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/9/2014	60,000
Interest Earnings	71
Ending Balance, June 30, 2014	<u>\$ 180,497</u>

NOTE 15: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is zero.

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2014:

	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
General Fund	\$ 64,988	\$ 8,407
Special Revenue Fund		64,988
Enterprise Fund	8,407	
Total	<u>\$ 73,395</u>	<u>\$ 73,395</u>

The special revenue fund owes the current fund for cash advances on federal grants not yet received. The current fund owes the Food Service Fund for subsidies received and not yet paid to the Food Service Fund.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

FREDON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,323,165		\$ 4,323,165	\$ 4,323,165	
Miscellaneous	2,231		2,231	1,641	(590)
Total - Local Sources	4,325,396		4,325,396	4,324,806	(590)
State Sources:					
Special Education Aid	183,763		183,763	183,763	
Equalization Aid	277,211		277,211	277,211	
Transportation Aid	39,793		39,793	39,793	
Security Aid	25,900		25,900	25,900	
Other State Aid - Extraordinary Aid				13,422	13,422
Other State Aid - Non-public Transportation Aid				3,264	3,264
TPAF Pension and PRM (On-Behalf - Non-Budgeted)				209,485	209,485
TPAF Social Security (Reimbursed - Non-Budgeted)				142,811	142,811
Total State Sources	526,667		526,667	895,649	368,982
TOTAL REVENUES	4,852,063		4,852,063	5,220,455	368,392

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	181,853	(11,178)	170,675	165,674	5,001
Grades 1-5 - Salaries of Teachers	897,740	(156,821)	740,919	740,919	
Grades 6-8 - Salaries of Teachers	235,965	24,134	260,099	260,098	1
Regular Programs - Home Instruction					
Salaries of Teachers	5,000	3,791	8,791	8,790	1
Purchased Professional-Educational Services	100	900	1,000	1,000	
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	41,820	4,581	46,401	46,400	1
Purchased Technical Services		18,000	18,000	18,000	
Other Purchased Services (400-500 series)	72,368	(20,947)	51,421	51,421	
General Supplies	50,500	92,086	142,586	140,430	2,156
Textbooks	20,000	822	20,822	20,822	
Other Objects	16,957	(8,923)	8,034	8,034	
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,522,303	(53,555)	1,468,748	1,461,588	7,160
SPECIAL EDUCATION - INSTRUCTION					
Learning and or Language Disabilities:					
Salaries of Teachers	59,782	(612)	59,170	59,170	
General Supplies	250	146	396	396	
Total Learning and or Language Disabilities:	60,032	(466)	59,566	59,566	
Auditory Impairments:					
Salaries of Teachers	53,182	(1,212)	51,970	51,970	
General Supplies	250	(250)			
Total Auditory Impairments	53,432	(1,462)	51,970	51,970	

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Special	131,906	(27,892)	104,014	104,014	
Tuition to Private Schools for the Disabled-Within State		36,120	36,120	36,120	
Total Instruction	131,906	8,228	140,134	140,134	
Attendance and Social Work:					
Salaries	11,000		11,000	11,000	
Purchased Professional and Technical Services	1,963	(183)	1,780	1,780	
General Supplies	150	2,050	2,200	2,200	
Total Attendance and Social Work	13,113	1,867	14,980	14,980	
Health Services:					
Salaries	58,207	850	59,057	59,057	
Purchased Professional and Technical Services	2,520	(2,472)	48	48	
Other Purchased Services (400-500 series)	300	300	600	600	
Supplies and Materials	2,000	127	2,127	2,126	1
Total Health Services	63,027	(1,195)	61,832	61,831	1
Other Supp. Services Students-Related Services:					
Salaries	64,286		64,286	64,286	
Purchased Professional - Educational Services	10,130	(2,982)	7,148	7,148	
Supplies and Materials	500	70	570	569	1
Other Objects	350		350	109	241
Total Other Supp. Services Students-Related Services	75,266	(2,912)	72,354	72,112	242

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Extra Services:					
Salaries	99,200	(35,292)	63,908	63,907	1
Purchased Professional - Educational Services	7,885	(1,605)	6,280	6,280	
Supplies and Materials	5,296	2,007	7,303	3,834	3,469
Total Other Supp. Services Students-Extra Services	112,381	(34,890)	77,491	74,021	3,470
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	44,651	23,409	68,060	68,060	
Purchased Professional - Educational Services	5,560	(4,706)	854	854	
Other Purchased Services (400-500 series)		379	379	379	
Supplies and Materials	895	526	1,421	1,374	47
Total Other Supp. Services Students-Regular	51,106	19,608	70,714	70,667	47
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	166,660	(38,619)	128,041	128,041	
Salaries of Secretarial and Clerical Assistants	24,182	(2,985)	21,197	21,196	1
Purchased Professional - Educational Services	66,369	4,412	70,781	69,443	1,338
Other Purchased Services (400-500 series)	8,455	(493)	7,962	7,962	
Supplies and Materials	1,500	4,913	6,413	6,133	280
Other Objects	125	795	920	920	
Total Other Supp. Services Students-Special	267,291	(31,977)	235,314	233,695	1,619
Improvement of Instruction Services:					
Purchased Professional - Educational Services	3,200	(496)	2,704	2,626	78
Total Improvement of Instruction Services	3,200	(496)	2,704	2,626	78

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Educational Media Services/School Library:					
Salaries	17,396	47,151	64,547	64,547	
Salaries of Technology Coordinators	20,400	(7,800)	12,600	12,573	27
Purchased Professional and Technical Services	2,320	(205)	2,115	2,115	
Other Purchased Services (400-500 series)	175		175	80	95
Supplies and Materials	3,000	42,513	45,513	45,196	317
Total Educational Media Services/School Library	43,291	81,659	124,950	124,511	439
Instructional Staff Training Services:					
Purchased Professional - Educational Services	18,500	(795)	17,705	16,245	1,460
Other Purchased Services (400-500 series)	5,400	(2,268)	3,132	2,717	415
Supplies and Materials	500	968	1,468	1,467	1
Total Instructional Staff Training Services	24,400	(2,095)	22,305	20,429	1,876
Supp. Services - General Administration:					
Salaries	80,989	(79,107)	1,882	1,813	69
Legal Services	12,000	(835)	11,165	11,165	
Audit Fees	16,163	2,524	18,687	5,624	13,063
Other Purchased Professional Services	51,600	(38,234)	13,366	10,177	3,189
Communications/Telephone	32,910	(7,600)	25,310	25,278	32
Board of Ed. Other Purchased Services	1,890	(1,860)	30	30	
Other Purchased Services (400-500 series)	27,700	93,122	120,822	120,821	1
General Supplies	5,744	309	6,053	6,052	1
Board of Ed. In-House Training/Meeting Supplies	500	(100)	400	339	61
Miscellaneous Expenditures	3,471	(1,393)	2,078	2,076	2
Board of Ed. Dues and Fees	3,835	(100)	3,735	3,603	132
Total Supp. Services - General Administration	236,802	(33,274)	203,528	186,948	16,580

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	44,651	9,202	53,853	53,843	10
Salaries of Other Professional Staff	39,058	(9,307)	29,751	29,750	1
Salaries of Secretarial and Clerical Assistants	9,400	19,862	29,262	29,262	
Other Purchased Services (400-500 series)	2,395	(1,285)	1,110	1,108	2
Supplies and Materials	6,361	3,575	9,936	9,932	4
Other Objects	1,202	(208)	994	994	
Total Support Services - School Administration	103,067	21,839	124,906	124,889	17
Central Services:					
Salaries	140,216	16,375	156,591	156,590	1
Purchased Professional Services	10,587	3,752	14,339	14,270	69
Miscellaneous Purchased Services (400-500 series)	1,827	(1,000)	827	653	174
Supplies and Materials	2,405	(800)	1,605	1,583	22
Other Objects	2,650	(489)	2,161	2,161	
Total Central Services	157,685	17,838	175,523	175,257	266
Administrative Information Technology:					
Purchased Technical Services	6,884	(2,466)	4,418	4,389	29
Other Purchased Services (400-500 series)	1,000	975	1,975	1,914	61
Supplies and Materials	3,200	7,191	10,391	10,390	1
Total Administrative Information Technology	11,084	5,700	16,784	16,693	91

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Required Maintenance for School Facilities:					
Salaries	74,633	(567)	74,066	74,065	1
Cleaning, Repair and Maintenance Services	15,715	47,764	63,479	40,979	22,500
General Supplies	19,985	8,263	28,248	24,631	3,617
Total Required Maintenance for School Facilities	110,333	55,460	165,793	139,675	26,118
Other Operations and Maintenance of Plant:					
Salaries	86,550	1,911	88,461	88,411	50
Cleaning, Repair and Maintenance Services	11,418	(2,810)	8,608	8,608	
Insurance	24,990	(1,897)	23,093	23,093	
Miscellaneous Purchased Services	500	(271)	229	229	
General Supplies	5,598	4,088	9,686	9,685	1
Energy (Electricity)	71,482	(30,490)	40,992	40,991	1
Energy (Oil)	68,093	(5,812)	62,281	62,281	
Gasoline	450	156	606	605	1
Other Objects	1,290	50	1,340	1,340	
Total Other Operations and Maintenance of Plant	270,371	(35,075)	235,296	235,243	53
Care and Upkeep of Grounds:					
Salaries	28,850	(3,787)	25,063	25,062	1
Cleaning, Repair and Maintenance Services	2,000	30,061	32,061	1,573	30,488
General Supplies	1,500	22,112	23,612	1,684	21,928
Total Care and Upkeep of Grounds	32,350	48,386	80,736	28,319	52,417
Undist. Expend. -Security					
Salaries		2,512	2,512	2,512	
Cleaning, Repair and Maintenance Services		6,475	6,475	6,475	
Supplies and Materials		451	451	351	100
Total Undist. Expend. -Security		9,438	9,438	9,338	100

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Salaries for Pupil Transportation(Between Home & School)-Regular	22,760	(1,059)	21,701	21,643	58
Management Fee - ESC & CTSA Trans. Program	7,955	2,322	10,277	10,274	3
Contracted Services (Between Home and School)-Vendors	218,638	(6,875)	211,763	211,759	4
Contracted Services (Other than Between Home and School)-Vendors	4,358	3,442	7,800	7,800	
Contracted Services (Special Education Students)-Vendors	46,542	26,473	73,015	73,014	1
Total Student Transportation Services	300,253	24,303	324,556	324,490	66
UNALLOCATED BENEFITS					
Social Security Contributions	65,894	(1,000)	64,894	55,381	9,513
Other Retirement Contributions - Regular	69,157		69,157	60,876	8,281
Unemployment Compensation	30,000	(9,704)	20,296	20,000	296
Workmen's Compensation	26,759	3,204	29,963	29,963	
Health Benefits	641,033	(148,234)	492,799	482,819	9,980
Tuition Reimbursement	15,000	2,000	17,000	14,267	2,733
Other Employee Benefits	8,494	28,043	36,537	35,947	590
TOTAL UNALLOCATED BENEFITS	856,337	(125,691)	730,646	699,253	31,393
On-behalf TPAF pension and PRM Contrib. (non-budgeted)				209,485	(209,485)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				142,811	(142,811)
TOTAL ON-BEHALF CONTRIBUTIONS				352,296	(352,296)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	856,337	(125,691)	730,646	1,051,549	(320,903)
TOTAL UNDISTRIBUTED EXPENDITURES	2,863,263	26,721	2,889,984	3,107,407	(217,423)

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
TOTAL GENERAL CURRENT EXPENSE	4,777,658	31,348	4,809,006	5,019,265	(210,259)
CAPITAL OUTLAY					
Equipment:					
Grades 1-5	20,000	(20,000)			
Undistributed Expenditures-Technology		56,967	56,967	56,967	
Undistributed Expenditures-Operation and Maint. Of Plant Serv.		37,122	37,122	21,221	15,901
Undistributed Expenditures-Security	20,000	(20,000)			
Total Equipment	40,000	54,089	94,089	78,188	15,901
Facilities Acquisition and Construction Serv.:					
Other Purchased Professional and Technical Services		2,090	2,090	2,090	
Assessment for Debt Service on SDA Funding	1,187	(417)	770	770	
Total Facilities Acquisition and Construction Serv.	1,187	1,673	2,860	2,860	
TOTAL CAPITAL OUTLAY	41,187	55,762	96,949	81,048	15,901
Transfer of Funds to Charter Schools	40,987	11,255	52,242	52,242	
TOTAL EXPENDITURES	4,859,832	98,365	4,958,197	5,152,555	(194,358)

FREDON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,769)	(98,365)	(106,134)	67,900	174,034
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(7,769)	(98,365)	(106,134)	67,900	174,034
Fund Balance, July 1	502,081		502,081	502,081	
Fund Balance, June 30	\$ 494,312	\$ (98,365)	\$ 395,947	\$ 569,981	\$ 174,034

Recapitulation:

Restricted for:

Capital Reserve

Assigned to:

Year-End Encumbrances

Designated for Subsequent Year's Expenditures

Unassigned:

Unrestricted Fund Balance

Fund Balance per Governmental Funds(Budgetary Basis)

\$ 180,497

118,023

7,769

263,692

569,981

Reconciliation to Governmental Funds Statement(GAAP Basis):

Last State Aid Payment not recognized on GAAP basis

Fund Balance per Governmental Funds(GAAP Basis)

(52,587)

\$ 517,394

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ Unfavorable)
REVENUES:					
Federal Sources	\$ 65,000	\$ 50,710	\$ 115,710	\$ 115,710	-
Total Revenues	65,000	50,710	115,710	115,710	
EXPENDITURES:					
Instruction					
Other Salaries for Instruction		2,217	2,217	2,217	
Tuition	45,000	1,054	46,054	46,054	
Purchased Prof. & Tech. Services	20,000	5,190	25,190	25,190	
General Supplies		2,349	2,349	2,349	
Total Instruction	65,000	10,810	75,810	75,810	
Support Services					
Salaries of Secretarial and Clerical		12,500	12,500	12,500	
Personal Services - Employee Bene.		956	956	956	
Other Purchased Prof. Serv.		2,574	2,574	2,574	
Other Purchased Serv. (400-500 Series)		19,556	19,556	19,556	
Supplies and Materials		4,314	4,314	4,314	
Total Support Services		39,900	39,900	39,900	
Total Expenditures	65,000	50,710	115,710	115,710	
Total Outflows	\$ 65,000	\$ 50,710	\$ 115,710	\$ 115,710	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)					None
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis					None
Fund Balance per Governmental Funds(GAAP Basis)					None

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2014

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 5,220,455	\$ 115,710
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	(1,410)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	52,587	
Adjustment for: Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(52,587)	N/A
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 5,220,455</u>	<u>\$ 114,300</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 5,152,555	\$ 115,710
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	(1,410)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 5,152,555</u>	<u>\$ 114,300</u>

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

OTHER SUPPLEMENTARY INFORMATION

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2014

	Title I	Title II	IDEA Basic	IDEA Preschool	REAP	Totals
REVENUES						
Federal Sources	\$13,398	\$ 6,158	\$63,824	\$ 2,574	\$ 29,756	\$ 115,710
TOTAL REVENUES	13,398	6,158	63,824	2,574	29,756	115,710

EXPENDITURES:						
Instruction:						
Other Salaries for Instruction					2,217	2,217
Tuition			46,054			46,054
Purchased Prof. & Tech. Services					25,190	25,190
General Supplies					2,349	2,349
Total Instruction			46,054		29,756	75,810

Support Services:						
Salaries of Secretarial and Clerical			12,500			12,500
Personal Services - Employee Bene.			956			956
Other Purchased Prof. Serv.				2,574		2,574
Other Purchased Serv. (400-500 Series)	13,398	6,158				19,556
Supplies and Materials			4,314			4,314
Total Support Services	13,398	6,158	17,770	2,574		39,900

TOTAL EXPENDITURES	13,398	6,158	63,824	2,574	29,756	115,710
---------------------------	---------------	--------------	---------------	--------------	---------------	----------------

Total Outflows	13,398	6,158	63,824	2,574	29,756	115,710
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Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						
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<p>CAPITAL PROJECTS FUND DETAIL STATEMENTS</p>

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

Exhibit F-1
FREDON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES

For the Fiscal Year Ended June 30, 2014

	<u>Approval</u>	<u>Original Date</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2014</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Construction of Additions, Renovations, and Alterations of Fredon Township School Totals	Board of Education	5/12/2008	\$ 5,000,000	\$ 4,995,428	\$ 4,572
			\$ 5,000,000	\$ 4,995,428	4,572
			Cumulative Interest Income		33,563
			Fund Balance		\$ 38,135

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2014

Revenues and Other Financing

Sources

Interest Income

\$ 76

Total Revenues

76

Expenditures and Other Financing

Sources

Construction services

-

Total Expenditures

-

Excess(deficiency) of revenues over(under)
expenditures

76

Fund Balance - Beginning

38,059

Fund Balance - Ending

\$ 38,135

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

**CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
CONSTRUCTION OF ADDITIONS, RENOVATION AND ALTERATIONS OF FREDON TOWNSHIP SCHOOL**

From Inception and for the Fiscal Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing				
Sources				
Bond Proceeds	\$ 5,000,000		\$ 5,000,000	\$5,000,000
Total Revenues	<u>5,000,000</u>		<u>5,000,000</u>	<u>5,000,000</u>
Expenditures and Other Financing				
Sources				
Purchased professional and technical services	552,645		552,645	552,645
Legal Services	35,150		35,150	35,150
Construction services	4,331,664		4,331,664	4,336,236
Supplies	75,969		75,969	75,969
Total Expenditures	<u>4,995,428</u>		<u>4,995,428</u>	<u>5,000,000</u>
Excess(deficiency) of revenues over(under) expenditures	\$ 4,572	\$ -	\$ 4,572	

Additional project information:

Project number	N/A
Grant Date	N/A
Bond Authorization Date	5/12/2008
Bonds Authorized	\$5,000,000
Bonds Issued	\$5,000,000
Original Authorized Cost	\$5,000,000
Additional Authorized Cost	
Revised Authorized Cost	\$5,000,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	95%
Original Target Completion Date	8/30/2011
Revised Target Completion Date	8/30/2013

<p>PROPRIETARY FUND DETAIL STATEMENTS</p>
--

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

FIDUCIARY FUND DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	AGENCY FUNDS STUDENT ACTIVITY	PAYROLL AGENCY	TOTALS
ASSETS:				
Cash and Cash Equivalents	\$ 20,517	\$ 15,490	\$ 76,053	\$ 112,060
TOTAL ASSETS	<u>\$ 20,517</u>	<u>\$ 15,490</u>	<u>\$ 76,053</u>	<u>\$ 112,060</u>
LIABILITIES:				
Liabilities:				
Payable to Student Groups		\$ 15,490		\$ 15,490
Payroll Deductions and Withholdings			\$ 4,783	4,783
Accrued Salaries and Wages			71,270	71,270
Total Liabilities		<u>15,490</u>	<u>76,053</u>	<u>91,543</u>
NET POSITION				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 20,517</u>			<u>20,517</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 20,517</u>	<u>\$ 15,490</u>	<u>\$ 76,053</u>	<u>\$ 112,060</u>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit H-2

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 8,694	\$ 8,694
Employer	<u>20,000</u>	<u>20,000</u>
Total Contributions	<u>28,694</u>	<u>28,694</u>
Investment Earnings:		
Interest	<u>32</u>	<u>32</u>
Net Investment Earnings	<u>32</u>	<u>32</u>
Total Additions	<u>28,726</u>	<u>28,726</u>
DEDUCTIONS		
Claims/Quarterly Contribution Reports	<u>29,059</u>	<u>29,059</u>
Total Deductions	<u>29,059</u>	<u>29,059</u>
Change in Net Position	(333)	(333)
Net Position—Beginning of the Year	<u>20,850</u>	<u>20,850</u>
Net Position—End of the Year	<u>\$ 20,517</u>	<u>\$ 20,517</u>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2013</u>	<u>TRANSFERS</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2014</u>
Administrative Account	\$ 1,762	\$ 32	\$ 1,669	\$ 256	\$ 3,207
Beautification	813			108	705
Field Day	33				33
Materials Recess	2				2
Graduation	73				73
Preschool	34				34
Kindergarten Trips	488		981	658	811
First Grade Trips	414		628	608	434
Second Grade Trips	45		584	584	45
Third Grade Trips	795		977	1,062	710
Fourth Grade Trips	1,918		1,472	873	2,517
Fifth Grade Trips	50		1,408	1,380	78
Sixth Grade Trips	28		225	143	110
Music Band	227		565	490	302
ELP Account	309				309
Symphony Trip	646		930	1,070	506
Wash. DC Trip					
Nutcracker Account	974		4,732	882	4,824
Student Council	790				790
Interest		(32)	32		
Total	\$ 9,401	-	\$ 14,203	\$ 8,114	\$ 15,490

FREDON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Exhibit H-4

	<u>BALANCE</u> <u>July 1, 2013</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>June 30, 2014</u>
ASSETS:				
Cash and Cash Equivalents	\$ 74,075	\$ 76,307	\$ 74,329	\$ 76,053
Total Assets	<u>\$ 74,075</u>	<u>\$ 76,307</u>	<u>\$ 74,329</u>	<u>\$ 76,053</u>
 LIABILITIES:				
Payroll Deductions and Withholdings	\$ 1,746	\$ 3,037		\$ 4,783
Accrued Salaries and Wages-Summer Pay Plan	70,650	71,270	70,650	71,270
Salaries and Wages	(2,000)	2,000		-
Interfund Payable	2,000		2,000	-
Accounts Payable	1,679		1,679	-
Total Liabilities	<u>\$ 74,075</u>	<u>\$ 76,307</u>	<u>\$ 74,329</u>	<u>\$ 76,053</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit I-1

SCHEDULE OF SERIAL BONDS
AS OF ENDED JUNE 30, 2014

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	AMOUNT	INTEREST RATE	BALANCE July 1, 2013	ISSUED	RETIRED	BALANCE June 30, 2014
Construction of Additions, Renovations, and Alterations for Fredon Township School	6/3/08	\$ 5,000,000	7/15/14	\$ 125,000	4.125%	\$ 4,815,000		\$ 100,000	\$ 4,715,000
			7/15/15	155,000	4.125%				
			7/15/16	165,000	4.125%				
			7/15/17	170,000	4.125%				
			7/15/18	180,000	4.125%				
			7/15/19	190,000	4.125%				
			7/15/20	195,000	4.125%				
			7/15/21	205,000	4.125%				
			7/15/22	215,000	4.125%				
			7/15/23	225,000	4.125%				
			7/15/24	235,000	4.125%				
			7/15/25	245,000	4.125%				
			7/15/26	255,000	4.125%				
			7/15/27	270,000	4.125%				
			7/15/28	280,000	4.125%				
			7/15/29	295,000	4.350%				
			7/15/30	305,000	4.350%				
			7/15/31	320,000	4.350%				
			7/15/32	335,000	4.350%				
			7/15/33	350,000	4.350%				

Total

4,815,000 - \$ 100,000 \$ 4,715,000

Fredon Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	62-67
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	68-71
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	72-75
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	76-77
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	78-82

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Tax Levy	\$ 231,804	\$ 231,804	\$ 231,804	\$ 231,804	
Total - Local Sources	231,804	-	231,804	231,804	-
State Sources:					
Debt Service Aid Type II	68,364		68,364	68,364	
Total - State Sources	68,364		68,364	68,364	
TOTAL REVENUES	300,168	-	300,168	300,168	-
EXPENDITURES:					
Regular Debt Service:					
Interest	200,168		200,168	200,168	
Redemption of Principal	100,000		100,000	100,000	
Total Regular Debt Service	300,168		300,168	300,168	
TOTAL EXPENDITURES	300,168		300,168	300,168	
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	
Fund Balance, July 1	\$ 1	\$	1 \$	1	
Fund Balance, June 30	\$ 1	- \$	1 \$	1	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance					-

Fredon Township School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	\$ 402,059	\$ 362,045	\$ 309,247	\$ 532,625	\$ (2,813,812)	\$ 98,632	\$ 134,750	\$ 405,174	\$ 335,985	\$ 302,505
Restricted	117,061	127,719	87,883	100,488	3,665,458	406,199	155,842	121,103	166,255	226,402
Unrestricted	47,610	54,021	182,712	232,259	34,268	172,221	157,782	86,362	64,872	73,626
Total governmental activities net position	\$ 566,730	\$ 543,785	\$ 579,842	\$ 865,372	\$ 885,914	\$ 677,052	\$ 448,374	\$ 592,639	\$ 567,112	\$ 607,533
Business-type activities										
Invested in capital assets, net of related debt	\$ 45									-
Restricted	19,690	25,720	31,758	32,538	28,292	28,726	26,840	23,137	24,462	18,593
Unrestricted	13,735	25,720	31,758	32,538	28,292	28,726	26,840	23,137	24,462	18,593
Total business-type activities net position	\$ 19,735	\$ 25,720	\$ 31,758	\$ 32,538	\$ 28,292	\$ 28,726	\$ 26,840	\$ 23,137	\$ 24,462	\$ 18,593
District-wide										
Invested in capital assets, net of related debt	\$ 402,104	\$ 362,045	\$ 309,247	\$ 532,625	\$ (2,813,812)	\$ 98,632	\$ 134,750	\$ 405,174	\$ 335,985	\$ 302,505
Restricted	117,061	127,719	87,883	100,488	3,665,458	406,199	155,842	121,103	166,255	226,402
Unrestricted	67,300	79,741	214,470	264,797	62,580	200,947	184,622	89,459	89,334	97,219
Total district net position	\$ 586,465	\$ 569,505	\$ 611,600	\$ 897,910	\$ 914,206	\$ 705,778	\$ 475,214	\$ 615,776	\$ 591,574	\$ 626,126

Sources: CAFR Schedule A-1

Fredon Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,508,324	\$ 1,676,998	\$ 1,942,991	\$ 2,065,712	\$ 2,182,779	\$ 2,309,187	\$ 2,377,617	\$ 2,218,047	\$ 2,520,020	\$ 2,226,475
Special education	145,324	111,277	122,742	125,560	136,930	191,555	276,557	291,839	290,364	306,357
Other special education	75,202	100,798	114,020	135,512	162,036	169,226	205,841	216,631	209,149	273,836
Support Services:										
Tuition	187,073	164,021	164,170	256,594	254,072	171,328	212,696	169,583	85,075	140,134
Student & instruction related services	552,678	616,970	728,793	731,804	749,214	819,984	747,397	729,172	718,988	921,016
General administrative services	480,935	480,084	552,474	545,970	553,370	601,515	523,531	528,195	519,108	488,227
School administrative services	129,354	121,462	130,340	99,524	91,205	91,592	107,352	111,860	113,411	160,925
Business administrative services										
Plant operations and maintenance	276,603	348,378	450,529	507,552	406,975	464,351	505,543	479,796	555,516	534,314
Pupil transportation	306,216	348,007	370,787	387,561	447,814	399,667	334,287	333,310	270,514	324,490
Interest Expense				8,594	208,846	209,861	207,884	205,427	203,129	199,047
Unallocated depreciation	4,001	4,001	6,394	6,617	12,408	15,761	18,503	19,152	20,118	21,167
Total governmental activities expenses	<u>3,665,710</u>	<u>3,971,896</u>	<u>4,582,640</u>	<u>4,871,000</u>	<u>5,205,649</u>	<u>5,444,027</u>	<u>5,517,208</u>	<u>5,301,012</u>	<u>5,505,372</u>	<u>5,595,988</u>
Business-type activities:										
Food service	91,047	88,834	92,243	95,980	94,513	95,382	87,995	87,663	82,485	79,306
AM Program	2,325	2,316	1,938	2,257	3,624	3,129	3,306	4,320	1,810	1,800
Total business-type activities expense	<u>93,372</u>	<u>91,150</u>	<u>94,181</u>	<u>98,237</u>	<u>98,137</u>	<u>98,511</u>	<u>91,301</u>	<u>91,983</u>	<u>84,295</u>	<u>81,106</u>
Total district expenses	<u>\$ 3,759,082</u>	<u>\$ 4,063,046</u>	<u>\$ 4,676,821</u>	<u>\$ 4,969,237</u>	<u>\$ 5,303,786</u>	<u>\$ 5,542,538</u>	<u>\$ 5,608,509</u>	<u>\$ 5,392,995</u>	<u>\$ 5,589,667</u>	<u>\$ 5,677,094</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 10,626	\$ 863	\$ 10,138						\$ -	\$ -
Operating grants and contributions	884,891	985,420	1,149,711	1,202,678	1,085,254	1,125,012	963,792	1,055,785	1,020,757	\$ 1,079,723
Capital grants and contributions										
Total governmental activities program revenues	<u>905,517</u>	<u>986,283</u>	<u>1,159,849</u>	<u>1,202,678</u>	<u>1,085,254</u>	<u>1,125,012</u>	<u>963,792</u>	<u>1,055,785</u>	<u>1,020,757</u>	<u>1,079,723</u>
Business-type activities:										
Charges for services:										
Food service	78,718	74,037	76,204	76,472	68,269	64,475	58,151	51,393	47,678	42,569
AM Program	1,656	2,185	1,467	2,703	3,178	3,129	3,306	4,422	2,249	1,361
Operating grants and contributions	17,634	20,375	20,355	18,989	21,326	26,720	24,159	23,242	30,029	27,705
Capital grants and contributions										
Total business type activities program revenues	<u>98,008</u>	<u>96,597</u>	<u>98,026</u>	<u>98,164</u>	<u>92,773</u>	<u>94,324</u>	<u>85,616</u>	<u>79,057</u>	<u>79,956</u>	<u>71,635</u>
Total district program revenues	<u>\$ 1,003,525</u>	<u>\$ 1,082,880</u>	<u>\$ 1,257,875</u>	<u>\$ 1,300,842</u>	<u>\$ 1,178,027</u>	<u>\$ 1,219,336</u>	<u>\$ 1,049,408</u>	<u>\$ 1,134,842</u>	<u>\$ 1,100,713</u>	<u>\$ 1,151,358</u>

Fredon Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental activities	\$ (2,760,193)	\$ (2,985,613)	\$ (3,422,791)	\$ (3,668,322)	\$ (4,120,395)	\$ (4,319,015)	\$ (4,553,416)	\$ (4,245,227)	\$ (4,484,615)	\$ (4,516,265)
Business-type activities	4,696	5,447	3,845	(73)	(5,364)	(4,187)	(5,685)	(12,926)	(4,339)	(9,471)
Total district-wide net expense	<u>\$ (2,755,557)</u>	<u>\$ (2,980,166)</u>	<u>\$ (3,418,946)</u>	<u>\$ (3,668,395)</u>	<u>\$ (4,125,759)</u>	<u>\$ (4,323,202)</u>	<u>\$ (4,559,101)</u>	<u>\$ (4,258,153)</u>	<u>\$ (4,488,954)</u>	<u>\$ (4,525,736)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 2,762,922	\$ 2,941,361	\$ 3,438,700	\$ 3,924,224	\$ 4,061,965	\$ 4,183,762	\$ 4,098,800	\$ 4,180,776	\$ 4,238,485	\$ 4,323,165
Property taxes levied for debt service, net			(16,312)			55,000	199,881	205,851	215,285	231,804
Federal and State Aid for Capital Assets Projects	104,742		19,085	10,661	37,828	12,771	1,059	1,761	1,451	1,506
Investment earnings	9,793	12,923	17,866	18,967	41,144	32,202	24,998	1,104	3,785	211
Miscellaneous income	21,046	8,515								
Transfers	(519)	(131)	(471)							
Total governmental activities	<u>2,897,984</u>	<u>2,962,668</u>	<u>3,458,848</u>	<u>3,953,952</u>	<u>4,140,937</u>	<u>4,283,735</u>	<u>4,324,738</u>	<u>4,389,492</u>	<u>4,458,986</u>	<u>4,556,686</u>
Business-type activities:										
Investment earnings	514	407	767	396	661	4,164	3,342	8,766	5,309	3,602
Miscellaneous income			955	457	457	457	457	457	457	-
Transfers	519	131	471							
Total business-type activities	<u>1,033</u>	<u>538</u>	<u>2,193</u>	<u>853</u>	<u>1,118</u>	<u>4,621</u>	<u>3,799</u>	<u>9,223</u>	<u>5,766</u>	<u>3,602</u>
Total district-wide	<u>\$ 2,899,017</u>	<u>\$ 2,963,206</u>	<u>\$ 3,461,041</u>	<u>\$ 3,954,705</u>	<u>\$ 4,142,055</u>	<u>\$ 4,288,356</u>	<u>\$ 4,328,537</u>	<u>\$ 4,398,715</u>	<u>\$ 4,464,752</u>	<u>\$ 4,560,288</u>
Change in Net Position										
Governmental activities	\$ 137,791	\$ (22,945)	\$ 36,057	\$ 285,530	\$ 20,542	\$ (35,280)	\$ (228,678)	\$ 144,265	\$ (25,629)	\$ 40,421
Business-type activities	5,669	5,985	6,038	780	(4,246)	434	(1,886)	(3,703)	1,427	(5,869)
Total district	<u>\$ 143,460</u>	<u>\$ (16,960)</u>	<u>\$ 42,095</u>	<u>\$ 286,310</u>	<u>\$ 16,296</u>	<u>\$ (34,846)</u>	<u>\$ (230,564)</u>	<u>\$ 140,562</u>	<u>\$ (24,202)</u>	<u>\$ 34,552</u>

Source: CAFR Schedule A-2

Fredon Township School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 136,771	\$ 152,560	\$ 139,123	\$ 213,416	\$ 284,600	\$ 347,457	\$ 159,392	\$ 131,948	\$ 225,560	\$ 306,289
Unreserved	83,305	89,754	238,257	225,356	179,617	183,043	258,857	247,029	222,934	211,105
Total general fund	\$ 220,076	\$ 242,314	\$ 377,380	\$ 438,772	\$ 464,217	\$ 530,510	\$ 418,249	\$ 378,977	\$ 448,494	\$ 517,394
All Other Governmental Funds										
Reserved					\$ 3,000,784	\$ 4,260	\$ 82,250	\$ 50,000	\$ 50,000	\$ -
Unreserved, reported in:										
Special revenue fund				\$ 10,496						
Capital projects fund	\$ 42,380	\$ 42,380		5,000,000	448,367	272,527	48,304	(12,017)	(11,941)	38,135
Debt service fund						1	1	1	1	1
Permanent fund										
Total all other governmental funds	\$ 42,380	\$ 42,380	\$ -	\$ 5,010,496	\$ 3,449,151	\$ 276,788	\$ 130,555	\$ 37,984	\$ 38,060	\$ 38,136

Source: CAFR Schedule B-1

Fredon Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax levy	\$ 2,762,922	\$ 2,941,361	\$ 3,438,700	\$ 3,924,224	\$ 4,061,965	\$ 4,238,762	\$ 4,298,681	\$ 4,386,627	\$ 4,453,750	\$ 4,554,969
Tuition charges	10,626	863	10,138	-	38	287	1,059	1,761	1,451	1,506
Interest earnings	1,254	328	393	165	-	-	-	-	-	-
Miscellaneous	29,585	21,110	36,538	29,463	78,934	44,686	24,998	1,104	3,785	211
State sources	925,878	867,801	1,013,058	1,088,573	954,123	909,805	806,873	913,866	1,046,594	964,013
Federal sources	73,755	117,619	120,341	114,105	131,131	215,207	156,919	141,919	114,550	115,710
Total revenue	3,804,020	3,949,082	4,619,168	5,156,530	5,226,191	5,408,747	5,288,530	5,445,277	5,619,130	5,636,409
Expenditures										
Instruction										
Regular Instruction	1,153,023	1,287,027	1,450,844	1,501,377	1,640,602	1,648,832	1,538,433	1,514,204	1,743,027	1,537,398
Special education instruction	114,561	87,795	95,288	96,477	109,924	152,435	216,898	222,111	226,093	237,754
Other special instruction	59,283	79,528	88,517	104,124	130,078	134,666	161,437	164,872	162,855	212,516
Support Services:										
Tuition	187,073	164,021	164,170	256,594	254,072	171,328	212,696	169,583	85,075	140,134
Student & instruction related services	435,685	486,777	565,315	562,300	601,449	652,524	586,168	554,953	559,828	714,772
General administrative services										
School Administrative services	101,972	95,831	101,186	76,472	73,217	72,887	84,194	85,134	88,308	124,889
Business administrative services	379,129	378,777	428,900	419,510	444,231	478,672	410,595	401,995	404,206	378,898
Plant operations and maintenance	218,051	274,863	323,839	389,990	326,709	369,520	396,487	365,160	398,792	412,575
Pupil transportation	306,216	348,007	370,787	387,561	447,814	399,667	334,287	333,310	270,514	324,490
Unallocated employee benefits	678,536	712,522	888,233	961,806	826,169	886,701	972,258	1,060,617	1,162,265	1,051,549
Special Revenue		11,565	11,869	12,571	8,928	47,172	43,836	36,675	39,239	52,242
Charter Schools	239,290	37,063	37,063	315,860	1,777,645	3,290,552	330,905	401,945	129,660	81,048
Capital outlay					121,253	209,861	258,830	266,561	278,777	300,168
Debt service										
Total expenditures	3,872,819	3,926,713	4,526,011	5,084,642	6,762,091	8,514,817	5,547,024	5,577,120	5,548,639	5,568,433
Excess (Deficiency) of revenues over (under) expenditures	(68,799)	22,369	93,157	71,888	(1,535,900)	(3,106,070)	(258,494)	(131,843)	70,491	67,976
Other Financing Sources (uses)										
Transfers in					63,714	98,626	-	-	-	-
Transfers out		(131)	(471)		(63,714)	(98,626)	-	-	-	-
Total other financing sources (uses)	-	(131)	(471)	-	-	-	-	-	-	-
Net change in fund balances	\$ (68,799)	\$ 22,238	\$ 92,686	\$ 71,888	\$ (1,535,900)	\$ (3,106,070)	\$ (258,494)	\$ (131,843)	\$ 70,491	\$ 67,976
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	2.4%	4.0%	5.0%	5.2%	5.1%	5.5%

Source: CAFR Schedule B-2

FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Interest on</u> <u>Cap. Reserve</u> <u>Funds</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2005	8,539		1,254	10,626	21,046	41,465
2006	12,595	6,249	328	863	2,266	22,301
2007	18,672	15,335	393	10,138	2,531	47,069
2008	10,496	8,282	166		188	19,132
2009	1,391	8,113	38	12,888	20,153	42,583
2010	1,398	23,205	287	6,412	2,584	33,886
2011	1,059	-	-	24,702	10	25,771
2012	1,563			-	1,104	2,667
2013	1,375	3,709	76	-	102	5,262
2014	1,430	211				1,641

Note: Interest transferred to Debt Service Fund in 2014.
SOURCE: District Records

Fredon Township School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Res.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2005	\$7,544,700	\$199,497,500	\$24,501,400	\$1,970,200	\$11,996,500	\$3,912,700	-	\$261,747,947	\$11,488,380	\$836,567	\$250,259,567	\$1.050	\$325,755,875
2006	7,003,300	212,702,400	25,193,400	1,939,800	12,114,600	3,912,700	-	275,426,328	11,796,000	764,128	263,630,328	1.082	375,840,125
2007	5,878,900	221,034,700	26,872,100	1,994,800	12,183,200	3,912,700	-	284,283,687	11,796,000	611,287	272,487,687	1.171	402,488,855
2008	4,738,000	227,203,400	27,565,100	1,967,300	12,813,100	3,912,700	-	290,672,130	11,944,000	528,530	278,728,130	1.321	516,366,933
2009	9,779,500	458,629,100	59,564,800	1,945,400	22,934,800	7,028,300	-	587,307,097	26,459,000	966,197	560,848,097	0.712	558,965,857
2010	9,719,800	455,995,100	61,120,500	2,291,500	22,934,800	7,002,600	-	586,290,717	26,479,500	746,917	559,811,217	0.742	556,324,174
2011	9,559,600	454,453,300	61,934,100	1,982,200	23,068,200	7,002,600	-	584,731,465	26,487,100	244,365	558,244,365	0.765	531,329,855
2012	9,533,400	452,433,840	61,856,300	1,989,000	22,996,700	6,477,600	-	581,460,781	25,899,300	274,641	555,561,481	0.781	495,256,704
2013	6,625,800	361,504,600	49,443,000	1,951,900	20,661,700	6,092,300	-	471,060,673	24,485,600	295,773	446,575,073	0.990	468,903,446
2014	6,625,800	361,504,600	49,443,000	1,951,900	20,661,700	6,092,300	-	471,060,673	24,485,600	295,773	446,575,073	1.020	468,903,446

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies:

b Tax rates are per \$100

Exhibit J-7

Fredon Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Fredon Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional High School District	Fredon Township	Sussex County	
2005	\$1.050	\$0.000	\$1.050	\$0.900	\$0.420	\$0.649	\$3.070
2006	\$1.082	\$0.000	\$1.082	\$0.854	\$0.440	\$0.652	\$3.080
2007	\$1.171	\$0.000	\$1.171	\$0.866	\$0.468	\$0.710	\$3.270
2008	\$1.321	\$0.000	\$1.321	\$0.912	\$0.490	\$0.703	\$3.480
2009	\$0.712	\$0.000	\$0.712	\$0.483	\$0.253	\$0.357	\$1.833
2010	\$0.732	\$0.010	\$0.742	\$0.504	\$0.265	\$0.352	\$1.890
2011	\$0.729	\$0.036	\$0.765	\$0.524	\$0.272	\$0.359	\$1.945
2012	\$0.744	\$0.037	\$0.781	\$0.543	\$0.284	\$0.361	\$1.995
2013	\$0.942	\$0.048	\$0.990	\$0.705	\$0.365	\$0.454	\$2.546
2014	\$0.968	\$0.052	\$1.020	\$0.749	\$0.379	\$0.523	\$2.703

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

^a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

^b Rates for debt service are based on each year's requirements.

**Fredon Township School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2014			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Individual Taxpayer #1	\$ 4,748,800	1	1.06%	\$ 744,500	5	0.39%
Mira Plastics	1,784,600	2	0.40%	1,485,500	1	0.77%
Individual Taxpayer #2	1,410,200	3	0.32%	740,100	6	0.38%
Amlo Enterprises	1,098,800	4	0.25%	1,098,000	3	0.57%
Individual Taxpayer #3	1,062,800	5	0.24%	633,200	8	0.33%
Individual Taxpayer #4	953,100	6	0.21%	580,400	9	0.30%
Individual Taxpayer #5	910,000	7	0.20%	572,900	10	0.30%
Individual Taxpayer #6	774,000	8	0.17%			
Individual Taxpayer #7	726,200	9	0.16%			
RPM Homes, LLC	711,400	10	0.16%			
United Telephone of New Jersey				1,186,649	2	0.61%
Schneider and Marguard				773,100	4	0.40%
Model Craftsman				666,700	7	0.34%
Total	<u>\$ 14,179,900</u>		<u>3.18%</u>	<u>\$ 8,481,049</u>		<u>4.39%</u>

Source: District CAFR & Municipal Tax Assessor

**Fredon Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	\$2,762,922	\$2,762,922	100.00%	-
2006	\$2,941,361	\$2,941,361	100.00%	-
2007	\$3,438,700	\$3,438,700	100.00%	-
2008	\$3,924,224	\$3,924,224	100.00%	-
2009	\$4,061,965	\$4,061,965	100.00%	-
2010	\$4,238,762	\$4,238,762	100.00%	-
2011	\$4,298,681	\$4,298,681	100.00%	-
2012	\$4,386,627	\$4,386,627	100.00%	-
2013	\$4,453,750	\$4,453,750	100.00%	-
2014	\$4,554,969	\$4,554,969	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

**Fredon Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income ^a	
2005	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2006	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2007	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2008	\$ 5,000,000	-0-	-0-	-0-	\$ 5,000,000	2.99%	\$ 1,489
2009	\$ 5,000,000	-0-	-0-	-0-	\$ 5,000,000	3.08%	\$ 1,497
2010	\$ 5,000,000	-0-	-0-	-0-	\$ 5,000,000	3.07%	\$ 1,502
2011	\$ 4,950,000	-0-	-0-	-0-	\$ 4,950,000	2.84%	\$ 1,441
2013	\$ 4,890,000	-0-	-0-	-0-	\$ 4,890,000	2.74%	\$ 1,430
2013	\$ 4,815,000	-0-	-0-	-0-	\$ 4,815,000	2.74%	\$ 1,426
2014	\$ 4,715,000	-0-	-0-	-0-	\$ 4,715,000	2.73%	\$ 1,420

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

Fredon Township School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2005	-0-	-0-	-0-	-0-	-0-
2006	-0-	-0-	-0-	-0-	-0-
2007	-0-	-0-	-0-	-0-	-0-
2008	\$ 5,000,000	-0-	\$ 5,000,000	1.8%	\$ 1,489
2009	\$ 5,000,000	-0-	\$ 5,000,000	0.9%	\$ 1,497
2010	\$ 5,000,000	-0-	\$ 5,000,000	0.9%	\$ 1,502
2011	\$ 4,950,000	-0-	\$ 4,950,000	0.9%	\$ 1,441
2012	\$ 4,890,000	-0-	\$ 4,890,000	0.9%	\$ 1,430
2013	\$ 4,815,000	-0-	\$ 4,815,000	1.1%	\$ 1,426
2014	\$ 4,715,000	-0-	\$ 4,715,000	1.1%	\$ 1,420

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

R Revised

* Current data unavailable

**Fredon Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2014**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Fredon Township	\$ 1,341,649	100.000%	\$ 1,341,649
Other debt Sussex County	76,499,818	2.671%	2,043,428
Subtotal, overlapping debt			3,385,077
Fredon Township School District Direct Debt			4,715,000
Total direct and overlapping debt			\$ 8,100,077

Sources: Fredon Township Finance Officer, Sussex County Finance Office
and Utility Authorities

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized valuation basis	
2011	\$ 490,839,600
2012	478,071,023
2013	449,919,393
[A]	\$1,418,830,016

[A/3] \$ 472,943,339

Average equalized valuation of taxable property

[B]	11,823,583
[C]	4,715,000
[B-C]	\$ 7,108,583

Debt limit (2.5 % of average equalization value)
Net bonded school debt
Legal debt margin

Fiscal Year

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$8,324,835	\$9,719,531	\$11,135,814	\$12,567,456	\$13,401,252	\$13,634,207	\$13,169,301	\$12,639,229	\$12,204,651	\$11,823,583
Total net debt applicable to limit	-	-	-	5,000,000	5,000,000	5,000,000	4,950,000	4,890,000	4,815,000	4,715,000
Legal debt margin	\$8,324,835	\$9,719,531	\$11,135,814	\$7,567,456	\$8,401,252	\$8,634,207	\$8,219,301	\$7,749,229	\$7,389,651	\$7,108,583
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	39.79%	37.31%	36.67%	37.59%	38.69%	39.45%	39.88%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

**Fredon Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2005	3,219	\$139,933,149	\$43,471 R	1.5%
2006	3,277	\$151,469,494	\$46,222 R	1.6%
2007	3,324	\$162,586,812	\$48,913 R	1.5%
2008	3,359	\$167,086,737	\$49,743 R	2.0%
2009	3,341	\$162,088,615	\$48,515 R	3.4%
2010	3,330	\$162,936,900	\$48,930 R	3.6%
2011	3,436	\$174,033,400	\$50,650 R	3.5%
2012	3,419	\$178,146,995	\$52,105 R	3.5%
2013	3,376	\$175,906,480	\$52,105 *	4.1%
2014	3,320	\$172,988,600	\$52,105 *	*

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Per Capita information provided by U.S. Dept of Commerce.

^c Per Capita information provided by U.S. Dept of Commerce.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

R Revised

P Projected

* Current data unavailable

Fredon Township School District
Principal Employers,
Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
AMLO Enterprises, Inc.	N/A	1	0.00%	N/A	N/A	N/A
Amerigas		2	0.00%			0.00%
Bear Brook Golf Club		3	0.00%			0.00%
Fountain House		4	0.00%			0.00%
Fredon Animal Hospital		5	0.00%			0.00%
Fredon Deli & Restaurant		6	0.00%			0.00%
Fredon Greenhouses		7	0.00%			0.00%
Fredon house		8	0.00%			0.00%
Lakeland Bank		9	0.00%			0.00%
Mira Plastics		10	0.00%			0.00%
	-		0.00%	-		0.00%

Source: No reliable data available

**Fredon Township School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction										
Regular	22	23	24	24	25	25	25	25	25	24
Special education	6	6	6	6	6	7	8	8	8	7
Other special education	2	2	2	2	2	2	2	2	2	2
Support Services:										
General administrative services	1	1	1	2	2	2	2	2	2	2
School administrative services	1	1	1	3	3	3	3	3	3	3
Central services	1	1	1	2	2	2	2	2	2	2
Total	33	34	35	39	40	41	42	42	42	40

Source: District Personnel Records

Fredon Township School District
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Ratio				
2005	338	\$3,634,048	10,752	-0.36%	33	1:10.2		333.0	316.4	6.73%	95.0%
2006	339	3,926,713	11,583	7.73%	33	1:10.3		333.0	316.4	0.00%	95.0%
2007	338	4,488,948	13,281	14.66%	34	1:9.9		332.0	319.4	-0.30%	96.2%
2008	355	4,768,782	13,433	1.15%	39	1:9.1		347.4	326.1	4.64%	93.9%
2009	347	4,863,193	14,015	4.33%	40	1:8.7		335.5	329.2	-3.43%	98.1%
2010	345	5,014,404	14,535	3.71%	41	1:8.4		339.7	334.2	1.25%	98.4%
2011	334	4,957,289	14,842	2.12%	42	1:8.0		332.6	326.4	-2.09%	98.1%
2013	324	4,908,614	15,150	2.07%	42	1:7.7		323.1	311.4	-2.86%	96.4%
2013	326	5,140,202	15,767	4.08%	42	1:7.8		326.0	317.4	0.90%	97.4%
2014	280	5,187,217	18,526	17.49%	40	1:7.0		276.5	267.5	-15.18%	96.7%

Sources: District records, ASSA and Schedule J-4

Note: Enrollment based on annual June 30 district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
b Teaching staff includes only full-time equivalents of certificated staff.
c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Exhibit J-18

Fredon Township School District
School Building Information
Last Ten Fiscal Years

District Building

Fredon Township Elementary School - K-6

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Square Feet - 1929 Building	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062
Square Feet - 1951 Building	2,403	2,403	2,403	2,403	2,403	2,403	2,403	2,403	2,403	2,403
Square Feet - 1957 Building	4,969	4,969	4,969	4,969	4,969	4,969	4,969	4,969	4,969	4,969
Square Feet - 1969 Building	22,625	22,625	22,625	22,625	22,625	22,625	22,625	22,625	22,625	22,625
Square Feet - 2009 Addition						5,332	5,332	5,332	5,332	5,332

Square Feet - Total 34,059 34,059 34,059 34,059 34,059 39,391 39,391 39,391 39,391 39,391

Capacity (students) FES

Pre-School						17	17	18	14	-
Kindergarten	38	43	43	57	40	43	43	39	34	21
Grades 1 - 5	242	247	254	239	259	233	233	230	229	202
Grades 6 - 8	52	41	41	59	48	52	52	37	49	57

Enrollment - Total 332 331 338 355 347 345 345 324 326 280

Number of Schools at June 30, 2014
Elementary = 1

Source: District records, ASSA

Note: Increases in square footage and capacity are the result of renovations and/or additions. Enrollment is based on the annual October district count.

FES = Functional Educational Space

FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2014

Exhibit J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

<u>School Facilities</u>	<u>Project #</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
Elementary School	N/A	\$ 22,302	\$ 39,934	\$ 71,713	\$ 134,723	\$ 102,641	\$ 116,315	\$ 127,661	\$ 107,380	\$ 135,607	\$ 139,675	\$ 997,951
Total School Facilities		22,302	39,934	71,713	134,723	102,641	116,315	127,661	107,380	135,607	139,675	268,672
Other Facilities												
Grand Total		\$ 22,302	\$ 39,934	\$ 71,713	\$ 134,723	\$ 102,641	\$ 116,315	\$ 127,661	\$ 107,380	\$ 135,607	\$ 139,675	\$ 268,672

FREDON TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2014

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
COMPREHENSIVE PACKAGE POLICY - School Alliance Insurance Fund		
Property-Blanket Building and Contents		
Sussex Insurance Pool Limit	\$ 250,000,000	\$ 1,000
Comprehensive Crime Coverage:		
Theft Disappearance	50,000	1,000
Employee Dishonesty	500,000	1,000
Computer Fraud	50,000	
Forgery	50,000	
Extra Expense	100,000	
Comprehensive Casualty Coverage:		
Includes General Liability, Auto, Employee Benefits	5,000,000	
School Board Legal Liability	5,000,000	
Excess Liability	5,000,000	
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance Company		
Treasurer	150,000	
Board Secretary	89,000	
Public Employee Dishonesty	500,000	1,000

SOURCE: District Records

Single Audit Section



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Anthony Ardito, CPA, RMA, CMFO, PSA
 Douglas R. Williams, CPA, RMA, PSA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Fredon Township School District
 County of Sussex
 Newton, New Jersey 07860

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fredon Township School District Board of Education in the County of Sussex, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Fredon Township School District Board of Education's basic financial statements, and have issued our report thereon dated October 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

-Continued-

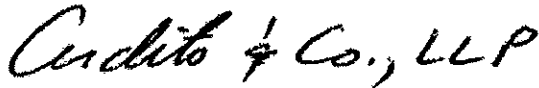
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

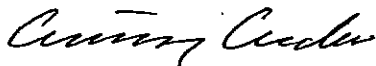
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ARDITO & CO., LLP
October 15, 2014



Licensed Public School Accountant No.2369



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Anthony Ardito, CPA, RMA, CMFO, PSA
 Douglas R. Williams, CPA, RMA, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB Circular 04-04

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Fredon Township School District
 County of Sussex
 Newton, New Jersey 07860

Report on Compliance for Each Major State Program

We have audited the Fredon Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2014. The Fredon Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the Fredon Township School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Fredon Township School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Fredon Township School District Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

ARDITO & Co., LLP

ARDITO & CO., LLP

October 15, 2014

Curtis Corder

Licensed Public School Accountant No.2369

FREDON TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2014

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2013	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2014		MEMO		
										(ACCTS. RECEIV.)	REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.
State Department of Education														
General Fund:														
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	\$ 183,763			\$ 183,763	\$ (183,763)					\$	\$ 18,349	\$ 183,763
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	277,211			277,211	(277,211)						27,679	277,211
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	25,900			25,900	(25,900)						2,586	25,900
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	39,793			39,793	(39,793)						3,973	39,793
Extraordinary Aid	14-495-034-5120-044	7/1/13-6/30/14	13,422				(13,422)			\$ (13,422)				13,422
Extraordinary Aid	13-495-034-5120-044	7/1/12-6/30/13		\$ (22,997)		22,997								
Non-Public Transportation Aid	14-100-034-5120-068	7/1/13-6/30/14	3,264				(3,264)			(3,264)				3,264
Non-Public Transportation Aid	13-100-034-5120-068	7/1/12-6/30/13	209,485			209,485	(209,485)							209,485
On-behalf TPAF Pension Contrib.	14-495-034-5095-001	7/1/13-6/30/14	142,811	(7,129)		149,940	(142,811)			-				142,811
Reimbursed TPAF Soc.Secur.Contrib.	14-495-034-5095-002	7/1/13-6/30/14		(34,837)		913,800	(895,649)			(16,686)			52,587	895,649
Total General Fund														
Debt Service Fund														
Debt Service Aid Type 2	14-100-034-5120-124	7/1/13-6/30/14	68,364			68,364	(68,364)			-				68,364
Total Debt Service						68,364	(68,364)			-				68,364
State Department of Agriculture:														
Enterprise Fund:														
Nat.School Lunch Prog.(State Share)	13-100-010-3350-023	7/1/12-6/30/13		(69)		69								
Nat.School Lunch Prog.(State Share)	14-100-010-3350-023	7/1/13-6/30/14	793			619	(793)			(174)				793
Total Enterprise Fund				(69)		688	(793)			(174)				793
Total State Financial Assistance														
			\$ (34,906)	-	\$ 982,852	\$ (964,806)	-	-	\$ (16,860)	-	-	\$	\$ 52,587	\$ 964,806

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2014

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Fredon Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is zero for the general fund and (\$1,410) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2014

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 895,649	\$ 895,649
Special Revenue Fund	\$ 115,710	-	115,710
Debt Service Fund		68,364	68,364
Food Service Fund	<u>26,912</u>	<u>793</u>	<u>27,705</u>
Total Financial Assistance	<u>\$ 142,622</u>	<u>\$ 964,806</u>	<u>\$ 1,107,428</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2014. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

FREDON TOWNSHIP SCHOOL DISTRICT

K-6

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part I - Summary of Auditor's Results

Financial Statement Section

A) Type of auditor's report issued:

Unmodified

B) Internal control over financial reporting:

1) Material weakness(es) identified?

___ Yes x No

2) Were significant deficiencies identified that were not considered to be material weaknesses?

___ Yes
x None
Reported

C) Noncompliance material to financial statements noted?

___ Yes x No

Federal Awards Section

N/A

D) Dollar threshold used to determine Type A programs:

N/A

E) Auditee qualified as low-risk auditee?

___ Yes ___ No

F) Type of auditor's report on compliance for major programs:

N/A

G) Internal Control over compliance:

1) Material weakness(es) identified?

___ Yes ___ No

2) Were significant deficiencies identified that were not considered to be material weaknesses?

___ Yes ___ No

H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))?

___ Yes ___ No

I) Identification of major programs:

CFDA NUMBER(S)

NAME OF FEDERAL PROGRAM OR CLUSTER

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part I - Summary of Auditor's Results

State Financial Assistance Section

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x yes no
- L) Type of auditor's report on compliance for major programs: Unmodified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? yes x no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes x none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? yes x no
- O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>14-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>14-495-034-5095-002</u>	<u>Reimb. TPAF Soc Sec.</u>
<u> </u>	<u> </u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section II-Financial Statement Findings

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with Government Auditing Standards.

Section III - State Financial Assistance Findings and Questioned Costs

STATE FINANCIAL ASSISTANCE-There were no state financial assistance findings or questioned costs noted, that are required to be reported in accordance with NJOMB Circular 04-04.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year findings.

BOARD OF EDUCATION

FREDON TOWNSHIP SCHOOL DISTRICT

COUNTY OF SUSSEX

STATE OF NEW JERSEY

REPORT OF ADMINISTRATIVE FINDINGS

FINANCIAL, COMPLIANCE AND PERFORMANCE

June 30, 2014

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Fredon Township School District
County of Sussex, New Jersey

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Fredon Township School District in the County of Sussex for the year ended June 30, 2014, and have issued our report thereon dated October 15, 2014.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Fredon Township School District Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script, appearing to read 'Anthony Ardito'.

Date: October 15, 2014

Licensed Public School Accountant No. 2369
ARDITO & CO., LLP

ADMINISTRATIVE FINDINGS-FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Donna Mosner	Board Secretary/School Business Administrator	\$89,000
Diane Pittenger	Treasurer	\$150,000

There is Public Employees' Faithful Performance Blanket Position Bond with the School Alliance Insurance Fund covering all other employees with coverage of \$500,000.

Financial Planning, Accounting and Reporting

Examination of Claims

The State purchase order system is fully operational in that purchase orders are issued for the financial transactions of the Board.

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Chief School Administrator and were certified by the President of the Board and Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the current fund.

The Board, at present, processes the payroll through an approved off-site computer system.

Reserve for Encumbrances Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(g) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-2.4. As a result of the procedures performed, no transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's/Treasurer's Records

The financial records, books of accounts and minutes maintained by the Secretary were in excellent condition.

The Treasurer's records were examined and were found to be in agreement with the records of the Secretary.

Elementary and Secondary Education Act (E.S.E.A.), Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I and VI of the Elementary and Secondary Education Act, as amended.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Schedule A and Schedule B located on pages 10 and 11 of this report.

Our audit of the Federal and State funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Plan. No exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective April 17, 2000, N.J.S.A. 18A:18A (Public School Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services, with consultation from the Commissioner of Education.

N.J.S.A. 18A:18A-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the board of education may establish that the bid threshold may be up to \$36,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

N.J.S.A. 18A:18A-4 (as amended) states, "Every contract or agreement for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law.

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Within the state budgeting structure and general ledger accounting system, payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies are not accumulated by category type. As such, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 8A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

Within the state budgeting structure and general ledger accounting system, payments are not accumulated for purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that the following purchases were made through the use of State contracts:

General School Supplies/Equipment
Computer Hardware Equipment

School Food Service

The financial transactions and statistical records of the school food services fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test check basis.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were properly computed and filed timely. No exceptions noted.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education. No exceptions were noted.

Food Distribution commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

Student Body Activities

A cash receipts and disbursements record was maintained on the student activity checking account.

All receipts appear to be promptly deposited in the bank.

Payment authorizations, invoices and other supporting data were presented and available for audit.

Petty Cash Account

A cash receipts and disbursements record was maintained on the petty cash account.

Payment authorizations, invoices and other supporting data were presented and available for audit.

Application for State School Aid

Our audit procedures included a test of the information reported in the October 15, 2013, Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District has adequate procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2013-2014 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year findings.

Recommendations

N/A

Acknowledgement

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team.

FREDON TOWNSHIP SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2013

	2014-2015 Application for State School Aid						Sample for Verification				Errors per Registers				On Roll-Related Services				Private Schools for Handicapped				Private Schools-Related Services			
	Reported on A.S.S.A.			Workpapers			Selected from		Verified per		On Roll		Full		Shared		Sample for Verifi-		Reported on A.S.S.A. as		Sample for Verifi-		Sample for Verifi-		Sample for Verifi-	
	Full	Shared	On Roll	Full	Shared	Errors	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Kindergarten	19		19	10		10	10		10		10		10		10		10		10		10		10		10	
One	29		29	15		15	15		15		15		15		15		15		15		15		15		15	
Two	33		33	17		17	17		17		17		17		17		17		17		17		17		17	
Three	38		38	20		20	20		20		20		20		20		20		20		20		20		20	
Four	41		41	22		22	22		22		22		22		22		22		22		22		22		22	
Five	39		39	20		20	20		20		20		20		20		20		20		20		20		20	
Six	45		45	23		23	23		23		23		23		23		23		23		23		23		23	
Subtotal	244	0	244	0	127	0	127	0	127	0	127	0	127	0	127	0	127	0	127	0	127	0	127	0	127	0
Sp. Ed. - Elementary	21		21	11		11	11		11		11		11		11		11		11		11		11		11	
Sp. Ed. - Middle	11		11	6		6	6		6		6		6		6		6		6		6		6		6	
Subtotal	32	0	32	17	0	17	17	0	17	0	17	0	17	0	17	0	17	0	17	0	17	0	17	0	17	0
Totals	276	0	276	0	144	0	144	0	144	0	144	0	144	0	144	0	144	0	144	0	144	0	144	0	144	0
Percentage Error						0.00%					0.00%				0.00%						0.00%					0.00%

FREDON TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2013

	<u>Low Income</u>				<u>Sample for Verification</u>				<u>Bilingual Education</u>				<u>Sample for Verification</u>			
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Income	Sample Selected from Workpapers	Verified to Application and Registrar	Sample Errors		Reported on A.S.S.A. as Bilingual Education	Reported on Workpapers as Bilingual Education	Errors	Percentage Error	Sample Selected from Workpapers	Verified to Test Score and Registrar	Sample Errors	
Full Day Kindergarten	2	2	2	2	2	2	2		0	0	0	0.00%	0	0	0	0
One	8	8	8	8	8	8	8		0	0	0		0	0	0	0
Two	-	-	-	-	-	-	-		0	0	0		0	0	0	0
Three	2	2	2	2	2	2	2		0	0	0		0	0	0	0
Four	7	7	7	7	7	7	7		0	0	0		0	0	0	0
Five	6	6	6	6	6	6	6		0	0	0		0	0	0	0
Six	4	4	4	4	4	4	4		0	0	0		0	0	0	0
Sp. Ed. - Elementary	5	5	5	5	5	5	5		0	0	0		0	0	0	0
Sp. Ed. - Middle School	3	3	3	3	3	3	3		0	0	0		0	0	0	0
Totals	37	37	-	37	37	37	0		0	0	0	0.00%	0	0	0	0
Percentage Error																

Percentage Error 0.00%

	<u>Transportation</u>			
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested
Reg.-Public Schools	181	181	103	103
Transported-Non-Public	32	32	18	18
Special Needs-Public	19	19	11	11
Totals	232	232	0	132
Percentage Error				

Percentage Error 0.00%

FREDON TOWNSHIP SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2014

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2013	Carryover/ Walkover Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2014			Cumulative Total Expenditures
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Dept. of Ed. Passed-Through State Department of Education:															
Special Revenue Fund:															
Title I	84.010	NCLB553014	\$ 13,398	7/1/13	6/30/14			\$ 13,398	\$ (13,398)			-			\$ 13,398
Title I	84.010	NCLB553013	6,330	9/1/12	8/31/13	\$ (6,330)		6,330							6,330
Title II Part A	84.367A	NCLB553014	6,158	7/1/13	6/30/14			6,158	(6,158)			-			6,158
Title II Part A	84.367A	NCLB553013	6,467	9/1/12	8/31/13	(6,467)		6,467							6,467
No Child Left Behind						(12,797)		32,353	(19,556)			-			32,353
Rural Education Achievement Program															
	84.358A	S358A136092	29,756	9/1/13	8/31/14			29,756	(29,756)						29,756
I.D.E.A. Part B; Basic Regular	84.027	FT225014	63,824	7/1/13	6/30/14				(63,824)			\$ (63,824)			63,824
I.D.E.A. Part B; Basic Regular	84.027	FT225013	66,169	9/1/12	8/31/13	(66,169)		66,169							66,169
I.D.E.A. Part B; Basic Preschool	84.173	FT225014	2,574	7/1/13	6/30/14				(2,574)			(2,574)			2,574
I.D.E.A. Part B; Basic Preschool	84.173	FT225013	2,720	9/1/12	8/31/13	(2,720)		2,720				-			2,720
Special Education Cluster						(66,889)		68,889	(66,398)			(66,398)			135,287
Total Special Revenue Fund						(81,686)		130,998	(115,710)			(66,398)			197,396
U.S. Dept. of Ag. Passed-Through State Department of Education:															
Enterprise Fund															
Child Nutrition Cluster:															
National School Lunch Program (Food Distribution)	10.555	N/A		7/1/12	6/30/13	\$ 90			(90)						90
National School Lunch Program (Food Distribution)	10.555	N/A	9,055	7/1/13	6/30/14			9,055	(7,835)			\$ 1,220			7,835
National School Lunch Prog.	10.555	N/A		7/1/12	6/30/13	(1,500)		1,500							
National School Lunch Prog.	10.555	N/A	18,987	7/1/13	6/30/14			14,988	(13,987)			(4,089)			15,987
Total Enterprise Fund						(1,410)		25,453	(26,912)			(4,089)	1,220		26,912
TOTAL FEDERAL ASSISTANCE															
						\$ (83,096)		\$ 156,451	\$ (142,622)			\$ (70,487)	\$ 1,220		\$ 224,308

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

FREDON TOWNSHIP SCHOOL DISTRICT

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2014

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2013	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST. BALANCES	BALANCE AT JUNE 30, 2014		MEMO		
									(ACCTS. RECEIV.)	REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.
State Department of Education													
General Fund:													
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	\$ 183,763			\$ 183,763	\$ (183,763)				\$	18,349	\$ 183,763
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	277,211			277,211	(277,211)				*	27,679	277,211
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	25,900			25,900	(25,900)				*		25,900
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	39,793			39,793	(39,793)				*	3,973	39,793
Extraordinary Aid	14-495-034-5120-044	7/1/13-6/30/14	13,422				(13,422)				*		13,422
Extraordinary Aid	13-495-034-5120-044	7/1/12-6/30/13		\$ (22,997)		22,997				\$ (13,422)	*		
Non-Public Transportation Aid	14-100-034-5120-068	7/1/13-6/30/14	3,264				(3,264)				*		3,264
Non-Public Transportation Aid	13-100-034-5120-068	7/1/12-6/30/13	209,485			209,485	-				*		209,485
On-behalf TPAF Pension Contrib.	14-495-034-5095-001	7/1/13-6/30/14	142,811			149,940	(142,811)				*		142,811
Reimbursed TPAF Soc.Secur Contrib.	14-495-034-5095-002	7/1/13-6/30/14		(7,129)		913,800	(895,649)			(16,666)	*	52,587	895,649
Total General Fund				(34,837)							*		
Debt Service Fund													
Debt Service Aid Type 2	14-100-034-5120-124	7/1/13-6/30/14	68,364			68,364	(68,364)				*		68,364
Total Debt Service				-		68,364	(68,364)				*		68,364
State Department of Agriculture:													
Enterprise Fund:													
Nat.School Lunch Prog.(State Share)	13-100-010-3350-023	7/1/12-6/30/13		(69)		69					*		
Nat.School Lunch Prog.(State Share)	14-100-010-3350-023	7/1/13-6/30/14	793			619	(793)			(174)	*		793
Total Enterprise Fund				(69)		688	(793)			(174)	*		793
Total State Financial Assistance													
			\$ (34,906)	-	\$ 982,852	\$ (964,806)	-	\$ (16,860)	-	-	*	\$ 52,587	\$ 964,806

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

TOWNSHIP OF FREDON SCHOOL DISTRICT
ANALYSIS OF EXCESS SURPLUS CALCULATION
June 30, 2014

THE CALCULATION OF THE 2% EXCESS AT JUNE 30, 2014 IS AS FOLLOWS

SECTION 1	
B	2013-2014 GENERAL FUND EXPENDITURES(per the CAFR)
	TOTAL
	INCREASED BY:
B1A	TRANSFER TO FOOD SERVICE FUND
B1B	TRANSFER FROM CAPITAL OUTLAY TO CAPITAL PROJECTS FUND
B1C	TRANSFER FROM CAPITAL RESERVE TO CAPITAL PROJECTS FUND
	DECREASED BY:
B2a	ON-BEHALF TPAF PENSION/PRM & SOCIAL SECURITY
B2b	ASSETS ACQUIRED UNDER CAPITAL LEASES
B3	ADJUSTED 2013-2014 GENERAL FUND EXPENDITURES
B4	GREATER OF .02 OF EXPENDITURES OR \$250,000
K	INCREASED BY: ALLOWABLE ADJUSTMENT
M	MAXIMUM UNRESERVED/UNDESIGNATED FUND BALANCE
C	GENERAL FUND FREE BALANCE AT 6-30-2014 (per CAFR Budgetary Comparison Schedule C-1)
	DECREASED BY:
C1	YEAR END ENCUMBRANCES
C2	LEGALLY RESTRICTED - DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES
C3	LEGALLY RESTRICTED - EXCESS SURPLUS - DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES
C4	OTHER RESERVED FUND BALANCES
C5	ASSIGNED FUND BALANCE - UNRESERVED - DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES
U1	TOTAL UNASSIGNED FUND BALANCE
U2	TOTAL UNRESERVED/UNDESIGNATED FUND BALANCE FOR EXCESS SURPLUS CALCULATION
E	EXCESS SURPLUS-RESERVED FUND BALANCE (IF NEGATIVE, NO ADDITIONAL RESERVED AMOUNT)

\$5,152,555

(352,296)

\$ 4,800,259

\$ 250,000
16,686

5.56% \$ 266,686

\$ 569,981

(118,023)

(180,497)
(7,769)

5.49% \$ 263,692

\$ 263,692

\$ (2,994)

TOWNSHIP OF FREDON SCHOOL DISTRICT

ANALYSIS OF EXCESS SURPLUS CALCULATION
June 30, 2014

RECAPITULATION OF EXCESS SURPLUS AS OF JUNE 30, 2014
RESERVED EXCESS SURPLUS - DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES
RESERVED EXCESS SURPLUS

C3
E

TOTAL

DETAIL OF ALLOWABLE ADJUSTMENTS:

IMPACT AID
SALE & LEASE-BACK
EXTRAORDINARY AID
ADDITIONAL NONPUBLIC SCHOOL TRANSPORTATION AID

H
J
J-1
J-2
K

\$ 13,422
3,264
\$ 16,686

DETAIL OF OTHER RESTRICTED FUND BALANCE:

STATUTORY RESTRICTIONS:
APPROVED UNSPENT SEPARATE PROSAL
CAPITAL OUTLAY FOR A DISTRICT WITH A CAPITAL OUTLAY SGLA
SALE/LEASE-BACK RESERVE
CAPITAL RESERVE
MAINTENANCE RESERVE
TUITION RESERVE
OTHER STATE/GOV'T MANDATED RESERVES
OTHER RESERVES FUND BALANCE NOT NOTED ABOVE

C-4 TOTAL OTHER RESTRICTED FUND BALANCE

\$ 180,497
-
\$ 180,497